

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB1455

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Watkins

3. Committee: Finance

4. Title: Commonwealth of Virginia General Obligation Bonds.

5. Summary: Authorizes the issuance of Commonwealth of Virginia General Obligation Bonds, pursuant to Article X, Section 9(b) of the Constitution of Virginia and subject to the approval of the voters, in an amount not exceeding \$67,000,000 for the purpose of financing the cost of constructing two veterans care center facilities. Debt service will be paid from general fund appropriations. The debt to be issued would impact the Commonwealth's debt capacity in future years.

The bonds would be issued subject to approval by a majority of qualified voters of the Commonwealth voting in a general election on November 3, 2015. The full faith and credit of the Commonwealth is pledged for the payment of the principal of and interest on the bonds and any bond anticipation notes or refunding bonds. The bill will not become effective, and no bonds will be issued until voter approval is obtained.

6. Budget Amendment Necessary: Yes, Item 83.

7. Fiscal Impact Estimates: Preliminary, see Item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2015	\$0	-
2016	\$131,158	General
2017	\$5,600,000	General
2018	\$5,600,000	General
2019	\$5,600,000	General
2020	\$5,600,000	General
2021	\$5,600,000	General

8. Fiscal Implications: Per § 30-19.10, Code of Virginia, the State Board of Elections is required to run advertisements in state newspapers and prepare posters and pamphlets providing public notice of state referendums. The estimated cost for providing public notice for a referendum with question will be approximately \$131,158. This estimate is equal to the cost of providing public notice of a constitutional amendment on the ballot during the 2014

General Election, which included advertisements in 11 newspapers in addition to printing costs for pamphlets and posters.

The Department of the Treasury indicates that if the bonds are approved by voters, the first debt service payment could begin in fiscal year 2017. Based on current interest rate assumptions, the preliminary estimate for debt service is \$5.6 million annually. The bonds would be amortized on a level principal basis, so the annual debt service will decline each year. Treasury notes that these two projects are expected to also receive federal funding, but that the timeline for federal funding authorization is unknown. The bonds would not be issued until the federal share is approved, which would delay the start date for debt service payments.

These two projects are currently authorized in C-46.10, Chapter 3, 2014 Acts of Assembly, Special Session I, as Virginia Public Building Authority (VPBA) pool issuances. To date, no bonds have been issued for these two projects.

9. Specific Agency or Political Subdivisions Affected: Department of Elections, Department of the Treasury, Department of Veterans Services

10. Technical Amendment Necessary: No.

11. Other Comments: The substitute version of this bill makes technical language changes which do not impact the fiscal impact estimates.

C: Secretary of Finance

Date: February 5, 2015

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