

Department of Planning and Budget

2017 Fiscal Impact Statement

1. Bill Number: SB1591

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Carrico

3. Committee: Finance

4. Title: Economic Development Access Program; bonded projects.

5. Summary: This bill imposes a 36-month moratorium on the repayment of funds allocated to a locality for a bonded project pursuant to the Economic Development Access Program (EDA).

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: The Economic Development Access Program provides funding to localities as a cost share for transportation projects meeting certain economic development-related benefits. Any funding provided to bonded projects that in the end do not meet the economic requirements of the EDA program are to be repaid to the Virginia Department of Transportation. Since 2010, the Commonwealth Transportation Board (CTB) has provided moratoriums on repayment for existing projects to account for the difficult economic conditions facing localities. With the last moratorium expiring January 2017, the CTB set a new policy allowing a repayment schedule of five years for the remaining bonded EDA projects.

According to the Virginia Department of Transportation (VDOT), there are currently seven bonded EDA projects requiring the impacted localities to repay \$559,752 annually for the next five years. The first payment is due by the end of January 2017, prior to the potential implementation of this legislation. If the first repayment is made by the seven localities, lacking any additional investment or passage of this legislation, they would presently be required to repay an additional total of \$2,239,007 over the next four years.

Also according to VDOT, this bill may create a conflict with the current Code requirement (Section 33.2-1509) for localities to provide a bond to secure expended EDA funds pending documentation of qualified investment. Without a provision to extend the bonds for projects impacted by this proposed legislation, the Department would be unable to ensure that the funds owed by localities could be collected.

It is unknown what the impact would be on other bonded EDA projects after the date of the legislation's passage, as the cost of the project and any balance not supported by sufficient qualifying investment has not been determined.

- 9. Specific Agency or Political Subdivisions Affected:** VDOT; CTB; the seven localities with bonded EDA projects would be affected: Pulaski County, Bland County, Shenandoah County, Louisa County, Town of Rocky Mount, King William County and Botetourt County.

- 10. Technical Amendment Necessary:** No

- 11. Other Comments:** This bill is similar to HB 1973.