

## Department of Planning and Budget 2019 Fiscal Impact Statement

**1. Bill Number:** SB1093

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

**2. Patron:** Ruff

**3. Committee:** Finance

**4. Title:** Literary Fund; creates School Modernization Subfund.

**5. Summary:** Creates a subfund in the Literary Fund to be known as the School Modernization Subfund (the Subfund). Moneys in the Subfund would be used to subsidize interest payments by local governing bodies and school boards on certain loans from the Virginia Resources Authority and other approved sources for school construction and modernization. Only school divisions with a composite index of local-ability-to-pay less than 0.4000 would be eligible to participate in the interest payment program.

The Subfund would receive specific revenues from the collection of sales and use tax from remote sellers that register for the first time after the enactment of any legislation approved by the General Assembly for such tax, any other funds appropriated by the General Assembly, and any gifts, donations, grants, bequests, and other funds received on its behalf.

**6. Budget Amendment Necessary:** Indeterminate

**7. Fiscal Impact Estimates:** Indeterminate. See Item 8.

**8. Fiscal Implications:** SB1093 would direct revenues from the collection of sales and use tax from remote sellers that register for the first time after the enactment of any legislation approved by the General Assembly for such tax, any other funds appropriated by the General Assembly, and any gifts, donations, grants, bequests, and other funds received on its behalf to the newly created School Modernization Subfund within the Literary Fund. Such funds would be used to subsidize interest payments by local governing bodies and school boards on certain loans from the Virginia Resources Authority and other approved sources for school construction and modernization.

The fiscal impact of SB1093 is indeterminate, as the amount of revenue available for such interest payment subsidies cannot be determined at this time, and any expenditures from such revenues would depend on the revenues available and the amount of loans issued by the Virginia Resources Authority or other approved sources.

HB1700/SB1100, the introduced budget, included revenues from the anticipated passage of legislation to apply the state's sales and use tax to sales conducted by remote sellers. The introduced budget assumes those revenues would be distributed in the same manner as all

other sales and use tax (general fund, public education, transportation, etc.). It is not certain what, if any, impact this legislation may have since it specifically applies to revenues from remote sellers that register for the first time after the enactment of any legislation approved by the General Assembly. Further, it is not certain how the dedication of the revenues specified in this bill would be affected by other legislation that may be under consideration.

The Department of Education anticipates that it can absorb any costs to establish and administer the program required by this bill.

The Virginia Resources Authority (VRA) does not anticipate any fiscal impact. VRA would treat these loans as any other applicant to the Virginia Pooled Financing Program administered by VRA. Participation in the Pool is based on the credit-worthiness of the applicant, and the Program includes the collection of fees that cover VRA's costs to manage and administer the pool.

**9. Specific Agency or Political Subdivisions Affected:** Department of Taxation, Virginia Resources Authority, Department of Education, Board of Education, local school divisions

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None