

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: Appropriations

4. Title: Literary Fund; school modernization loan interest rate subsidy payments.

5. Summary: Requires the Board of Education to establish a program to subsidize interest payments on certain loans made by the Virginia Public School Authority, or other entity approved by the Board, to local governing bodies and school boards for the design and construction of new school buildings and facilities or the modernization and maintenance of existing school buildings and facilities as follows: 1) for school divisions with a composite index of local ability-to-pay that is greater than 0.2500 but less than 0.4000 at the time an application to the program is made, the Board may subsidize up to 50 percent of the interest due on such loan; and 2) for school divisions with a composite index of local ability-to-pay that is 0.2500 or less at the time an application to the program is made, the Board may subsidize up to 100 percent of the interest rate on such loan.

6. Budget Amendment Necessary: No

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

8. Fiscal Implications: SB1093 would direct revenues from the Literary Fund to subsidize interest payments by local governing bodies and school boards on certain loans from the Virginia Public School 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 Public School Authority or other approved sources. A Senate amendment to SB1100 would set aside \$5.0 million from the Literary Fund for this purpose.

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

The Virginia Department of the Treasury does not anticipate a fiscal impact from this bill.

9. Specific Agency or Political Subdivisions Affected: Department of Treasury, Virginia Public School Authority, Department of Education, Board of Education, local school divisions

10. Technical Amendment Necessary: Line 17, after “loan;” insert “and”.

11. Other Comments: None