

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB948ER

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

2. Patron: Reeves

3. Committee: Passed both houses

4. Title: Conveyance and transfers of real property by state agencies; Department of Military Affairs.

5. Summary: The proposed legislation permits the Department of Military Affairs (DMA) to convey a leasehold interest in any portion of State Military Reservation (SMR) property to governmental or private entities when it is deemed by the Adjutant General to be in DMA's best interest to (i) provide necessary services such as lodging, training capabilities, or logistical utility services that support the Department's mission or (ii) maintain a peripheral buffer with compatible uses, including ground parking leases.

The bill provides that the term of any leasehold interest in any portion of SMR property cannot exceed 50 years; however, any agreement may be extended upon the written recommendation of the Governor and the approval of the General Assembly.

In the event that DMA enters into any written agreement with a private individual, firm, corporation, or other entity to lease property in the possession or control of DMA, neither the real property that is the subject of the lease nor any improvements or personal property located on the real property that is the subject of the lease shall be subject to taxation by any local government authority provided that the real property, improvements, or personal property is used for a purpose consistent with or supporting DMA's mission.

Currently, when it is deemed in the public interest, property owned by the Commonwealth may be sold, leased, or other interests therein conveyed to political subdivisions, public authorities, or the federal government as deemed appropriate. Any property owned by the Commonwealth and held in the possession of a department, agency or institution of the Commonwealth may also be transferred to the possession of another department, agency or institution of the Commonwealth by the execution of an agreement between the heads of such departments, agencies or institutions. All such transactions have to be authorized by the Governor, and approved by the Attorney General as to the form of the instruments. Conveyance or transfer of any portion of Camp Pendleton or any military property requires written notice to all members of the General Assembly within the planning district in which such property is located.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Final (see Item 8 below).

8. Fiscal Implications: The proposed legislation allows for future lease agreements established by DMA with government or private entities, when it is deemed by the Adjutant General to be in DMA's best interest to (i) provide necessary services such as lodging, training capabilities, or logistical utility services that support the Department's mission or (ii) maintain a peripheral buffer with compatible uses, including ground parking leases. The lease agreements would result in a revenue increase. The revenue that would be generated cannot be determined at this time. Additionally, it is not clear if the revenue from future lease agreement would revert to the general fund or to DMA to support agency operations.

Because the legislation allows DMA to sign a long-term lease with private entities, it is not clear whether such agreements would be subject to review and approval under the provisions of the Public-Private Education Facilities Infrastructure Act of 2002 (PPEA), (Va Code §§56-575.1 through 56.575.17), including possible review by the Public-Private Partnership Advisory Commission (Va. Code §30-279).

9. Specific Agency or Political Subdivisions Affected: Department of Military Affairs.

10. Technical Amendment Necessary: No.

11. Other Comments: Item 464 A.5., Chapter 854, 2019 Virginia Acts of Assembly provides an appropriation of \$2,500,000 the second year from nongeneral funds to be provided through an agreement with the City of Virginia Beach for construction of a new secure gate to the Camp Pendleton State Military Reservation located in the City of Virginia Beach. An initial payment of \$2,500,000 shall be made by the City prior to June 30, 2020 and an additional payment of \$2,500,000 shall be made by the City prior to June 30, 2021. Pursuant to Executive Order 20 (2018), authorizing the transfer of administrative authority of the Department of Military Affairs from the Secretary of Public Safety and Homeland Security to the Secretary of Veterans and Defense Affairs, the Secretary of Veterans and Defense Affairs shall seek agreement with the City for the long-term lease of state-owned parcels totaling approximately 12 acres, more or less, and currently leased to the City for use as parking for the Virginia Aquarium and Marine Science Center and overflow Rudee Inlet boat ramp parking. The term of the lease shall be not less than 50 years with an additional 50-year option being available. Upon successful execution of the lease agreement, the City of Virginia Beach shall also provide for a new signal-controlled entrance to Camp Pendleton State Military Reservation aligned with the new secure gate. The Secretary of Veterans and Defense Affairs shall report to the Chairmen of the House Appropriations Committee and the Senate Finance Committee on such projects and real property lease agreements executed from funds appropriated in this item by October 15th of each year until completion of the specified improvement projects.