

# FISCAL NOTE

March 27, 2017

<b>Bill No:</b>	HB 785	<b>Printer's No:</b>	864	<b>Sponsor:</b>	Saylor (R)
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### COST / (SAVINGS)

Fund (s)	2016-17	2017-18
General Fund	See "Fiscal Impact"	See "Fiscal Impact"

**SUMMARY:** The bill makes amendments to the Capital Facilities Debt Enabling Act.

**ANALYSIS:** The bill amends the Capital Facilities Debt Enabling Act to require that all debt amortization is done using an equal number of maturities plan, meaning that regular and substantial payments shall be made on the principal over the lifetime of any funding bonds, except those for refunding bond issuance. The bill would remove the language that allows the issuing officials to enter into agreements or contracts to insure or secure payment of principle, interest, or the purchase price of bonds or the purchase price of bonds to assist in managing the interest costs of the debt of the commonwealth.

The bill would reduce the maximum amount used for redevelopment assistance capital project (RACP) debt in increments of \$50 million annually until the total amount of outstanding obligations equals, but does not exceed, \$2,950,000,000. The current limitation is \$3,450,000,000. The reductions would begin with fiscal year 2017-2018. Additionally, the bill would limit the annual amount released for new capital projects financed by debt for public improvement projects \$350,000,000 and total additional RCAP releases to \$125,000,000. Any unused fiscal year allocation may be carried forward and added to the following fiscal year's limitation, but the amount carried forward may not exceed half of the total amount authorized to be released for that project category for the previous fiscal year.

The bill would require RACP applicants to hold at least one public informational meeting on their proposed projects before construction begins and to include a signed affidavit stating as much with the application. The applicant must hold additional informational meetings for any substantial alteration to the approved RACP after a contract has been executed.

The bill would add a new chapter to the Act to set the maximum principal amount of additional debt incurred for fiscal year 2016-2017. This chapter would take effect immediately.

The remainder of the act would take effect in 60 days.

**FISCAL IMPACT:** The bill would limit the commonwealth's ability to finance projects and would deter economic development. The Administration proposes \$875 million for Building and Structures over two years and \$350 million for transportation assistance projects over two years.