

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1916

PRINTER'S NO. 3634

AMOUNT

\$150,000,000

\$11,531,422 in FY 2012-13

FUND

General Obligation Disaster Relief Bond

General Fund

DATE INTRODUCED

November 9, 2011

PRIME SPONSOR

Representative Millard

HISTORY OF BILL

Referred to APPROPRIATIONS, Nov. 9, 2011

Reported as amended, March 26, 2012

First consideration, March 26, 2012

Laid on the table, March 26, 2012

Removed from table, March 27, 2012

Second consideration, with amendments, March 28, 2012

Re-committed to APPROPRIATIONS, March 28, 2012

(Remarks see House Journal Page), March 28, 2012

Re-reported as committed, April 2, 2012

Third consideration and final passage, April 4, 2012 (193-2)

In the Senate

Referred to APPROPRIATIONS, April 20, 2012

Reported as amended, June 4, 2012

First consideration, June 4, 2012

DESCRIPTION AND PURPOSE OF BILL

House Bill 1916 as amended authorizes the Commonwealth to borrow an amount not to exceed the aggregate sum of \$150,000,000 for the purpose of rehabilitating areas affected by Hurricane Irene and Tropical Storm Lee. The proceeds from the sale of such bonds and notes shall be deposited in a fund within the state Treasury known as the Disaster Relief Fund. The moneys in the Disaster Relief Fund are to be expended for the costs of the rehabilitation of areas affected by Hurricane Irene and Tropical Storm Lee, including but not limited to projects defined in or authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act and paying for the costs and expenses of issuing bonds and notes.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

The bill as amended allocates the funds borrowed as follows:

- An amount not to exceed 75% will be used to pay the Commonwealth's share of all costs for highways and bridges, flood control and disaster mitigation provided by the Federal government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.
- At least 25% of the funds will be used for:
 - Rehabilitation, construction, reconstruction, repair (other than normal maintenance) or replacement of highways and bridges, flood control and disaster mitigation projects not funded by the Federal government or funded at a level insufficient to meet current codes and standards.
 - Rehabilitation, construction, reconstruction, repair (other than normal maintenance) or replacement of public facilities of a political subdivision in counties declared as disaster areas but not funded by the Federal government or funded at a level insufficient to meet current codes and standards.
 - Rehabilitation, construction, reconstruction, repair (other than normal maintenance) or replacement of a nonprofit facility owned and operated by a nonprofit organization in counties declared as disaster areas and not funded by the Federal government or funded at a level insufficient to meet current codes and standards.
- If funds allocated as at least 25% of the total are insufficient to fund all eligible projects in that paragraph, the Commonwealth is required to prioritize projects according to the following criteria:
 - The severity of the disaster-related damages;
 - Whether the project will improve the health, safety and welfare of the population;
 - The consistency of the project with other state and regional resource management and economic development plans;
 - The financial condition of the applicant;
 - The economic and financial condition of the community to be served;
 - The inability of the applicant to secure other funding.

Moneys in the Disaster Relief Fund which are not necessary to pay unexpired contracts or potential legal obligations shall be transferred to the Disaster Relief Redemption Fund and shall be used to pay debt service on the existing disaster relief bonds.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

The bill itemizes projects estimated to cost over \$100,000 each for public highway projects, public bridge projects, flood control, disaster mitigation and assistance projects, and disaster railroad assistance projects. The bill does not prohibit any of the aforementioned categories of projects which are not itemized and exceed \$100,000 or projects which do not exceed \$100,000 from being financed from the debt incurred by the issuance of the bond. The costs of projects not itemized in the legislation must be certified by the Departments of the Transportation or Environmental Protection if they exceed \$100,000.

For projects specifically itemized, the bill appropriates all moneys received from the Federal government for the construction of public highway and bridge projects, for construction of disaster mitigation and assistance projects, and for the construction of disaster railroad assistance projects.

FISCAL IMPACT:

The total estimated cost of debt service for the \$150,000,000 bond is \$230,628,433, of which \$80,628,433 is the cost of interest on the bond. The annual debt service payment is estimated to be \$11,531,422. These estimates assume a 20-year term at an interest rate of 4.5%.