

Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: HB2181 **Patron:** Orrock
Bill Title: Commonwealth of Virginia State Parks Bond Act of 2025.

Bill Summary: Authorizes the issuance of Commonwealth of Virginia general obligation bonds pursuant to Article X, Section 9 (b) of the Constitution of Virginia in an amount not exceeding \$80,960,000, subject to approval by a majority of the qualified voters of the Commonwealth voting thereon at the November 4, 2025, general election. The bonds shall be used for deferred maintenance projects at existing state parks and recreational facilities. The full faith and credit of the Commonwealth is pledged for the payment of the principal of and interest on the bonds and any bond anticipation notes or refunding bonds. The bill authorizes the Treasury Board, by and with the consent of the Governor, to fix the details of such bonds, to borrow money in anticipation of the issuance of the bonds, and to issue refunding bonds. The bill shall not become effective, and no bonds shall be issued, unless and until voter approval is obtained.

Budget Amendment Necessary: Budget amendment or amendment to the bill
Items Impacted: Item 77

Explanation: The bill appropriates \$125,000 from the general fund for the cost of public notices and other information required to be published in connection with the voter referendum required. However, this is not expected to be sufficient. No amendment is needed for the impact of debt service payments, as they will not begin until after the 2024 -2026 biennium.

Fiscal Summary: Costs associated with a voter referendum on whether to authorize the proposed bonds will be incurred by the Department of Elections, as reflected in the table below. The bill appropriates \$125,000 from the general fund towards referendum costs. If the referendum is approved by a majority of voters, debt service on the bonds is assumed to occur over a period of 20 years and begin to be incurred in FY 2027, as reflected in the table below for the Department of the Treasury.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
ELECT	-	\$165,400	-	-	-	-
Treasury*	-	-	\$9,085,509	\$8,091,035	\$7,880,400	\$7,669,765
TOTAL	-	\$165,400	\$9,085,509	\$8,091,035	\$7,880,400	\$7,669,765

*Treasury costs will be incurred for debt service on the bonds only if the bond referendum passes.

Fiscal Analysis:

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Referendum Costs: The bill requires a statewide referendum to ask voters whether to authorize \$80,960,000 in general obligations bonds for deferred maintenance projects at existing state parks and recreational facilities in the November 2025 election. Section 30-19.10 of the Code of Virginia requires the State Board of Elections to run advertisements in state newspapers and prepare posters and pamphlets providing public notice about proposed referendum. The Department of Elections estimates one-time costs of \$165,400 related to a referendum, which is based on actual costs of \$160,530 incurred for a 2025 statewide referendum plus an assumption of approximately three percent for inflation. The estimate consists of \$106,100 for newspaper advertisements, \$2,100 for translation, and \$57,200 for printing of posters and pamphlets.

Debt Service Costs: If the referendum passes in the November 2025 election, \$80,960,000 in general obligation bonds will be authorized for deferred maintenance projects at existing state parks and recreational facilities. Debt service paid on the bonds from the general fund is assumed to be paid over a 20-year period. The bill allows the bonds to mature at a time not to exceed 25 years, as may be determined by the Treasury Board with the consent of the Governor. Twenty years is the standard term used for general obligation bonds, Virginia Public Building Authority, and Virginia College Building Authority bonds. The Constitution of Virginia also requires general obligation debt to mature within a period not to exceed the estimated useful life of the projects authorized. Twenty years has been assumed given it is the usual term and because it is difficult to judge the useful of life of deferred maintenance projects without more details. According to the Department of the Treasury, debt service payments are expected to begin in FY 2027, with estimated amounts starting at \$9.1 million in FY 2027 and decreasing slightly each year over a 20-year period due to declining interest as the principal is paid down annually in equal increments. If the referendum does not pass in the November 2025 election, the bonds will not be authorized and no debt service costs will be incurred.

The bill provides that the Governor may modify the deferred maintenance project implementation plan as necessary to stay within appropriation amounts available to pay the debt service, stay within the available budget to open and operate completed projects, adhere to debt capacity limits, and comply with other provisions of law regarding authority to issue debt.

Deferred Maintenance Project Implementation: The Department of Conservation and Recreation (DCR) is required to provide an implementation plan for the deferred maintenance projects. DCR is expected to complete the plan within available resources. The plan is required to include an estimate of additional costs for staffing and equipping each project and identification of the anticipated source of funding to cover such costs. Preliminarily, DCR anticipates that it may be able to absorb any additional costs for staffing and equipping projects.

The Secretary of Finance, in conjunction with the Secretary of Natural and Historic Resources and the Secretary of Administration, are required to report on the status of deferred maintenance projects, which is expected to be completed with available resources.

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Other: Article X, Section 9 (b) of the Constitution of Virginia requires capital projects to be “distinctly specified” in the law authorizing general obligation bonds and that the law shall “specify capital projects constituting a single purpose.” Consideration may be given to further specify the intended deferred maintenance projects in the bill.