

Department of Planning and Budget 2022 Fiscal Impact Statement

1. **Bill Number:** SB445

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Boysko

3. **Committee:** Transportation

4. **Title:** Commissioner of Highways.

5. **Summary:** Directs the Commissioner of Highways to evaluate whether it is in the public interest for any roadway operated pursuant to the Virginia Highway Corporation Act of 1988 (HCA) to operate instead under the authority and requirements provided by the Public-Private Transportation Act of 1995 (PPTA). The bill authorizes the Commissioner, if he determines it is in the public interest for any such roadway to operate under the PPTA and if the Secretary of Transportation and the Transportation Public-Private Partnership Steering Committee concur, to negotiate and execute a new comprehensive agreement with the operator of such roadway to operate under the authority and requirements provided by the PPTA. The bill has an expiration date of January 1, 2024.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** Preliminary. See item 8 below.

8. **Fiscal Implications:** Any costs for Virginia Department of Transportation (VDOT) personnel to complete the evaluation of public interest and facilitate the required public meetings and comments are indeterminate and would need to be absorbed within existing resources.

The bill does not require that any specific roadway operated pursuant to the Virginia Highway Corporation Act of 1988 (HCA) instead be operated under the authority and requirements provided by the Public-Private Transportation Act of 1995 (PPTA). If the Commissioner of Highways determines, with the concurrence of the Secretary of Transportation and the Transportation Public-Private Partnership Steering Committee, that it is in the public interest to operate a given roadway under the provisions of the PPTA, then the Commissioner and VDOT would negotiate a new comprehensive agreement with the operator of the roadway. Subsequently, VDOT would provide oversight of the roadway in accordance with the PPTA.

If such a determination is made and a new comprehensive agreement is negotiated, VDOT anticipates one-time costs associated with bringing a roadway operating under HCA to PPTA of approximately \$2.8 million, which includes transaction advisory services such as, but not limited to, legal, financial, and technical expertise leading up to a commercial and financial

close. Additionally, VDOT estimates that following the successful execution of a comprehensive agreement there may be recurring oversight costs estimated at \$250,000 in the first year of operation and \$200,000 annually thereafter. The oversight cost may include, but is not limited to, annual financial model and insurance review and oversight by the district project manager, including monthly or quarterly meetings with the operator.

The Virginia Department of Transportation relies on revenues generated for highway maintenance operations, which are fully appropriated in the 2022 Budget Bill (HB30/SB30). Although additional appropriation is not needed, the agency will need to redirect funding from other budgeted activities to address the potential costs associated with this legislation.

It is anticipated that this will not have a fiscal impact to the State Corporation Commission.

9. Specific Agency or Political Subdivisions Affected: Secretary of Transportation, Secretary of Finance, Virginia Department of Transportation, State Corporation Commission, localities.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is identical to HB859.