

Department of Planning and Budget 2002 Fiscal Impact Statement

1. **Bill Number** SB13

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

2. **Patron** Norment

3. **Committee** Finance

4. **Title** Virginia Maritime Investment Act

5. **Summary/Purpose:** The bill establishes a grant program and the Virginia Maritime Investment Partnership Grant Fund. The program provides grants to eligible ship repair companies making a capital investment of at least \$50 million (on or after July 1, 2002 and before July 1, 2004) that either increases the productivity of the ship repair company or results in the utilization of a more advanced technology by the company, or both. The Secretary of Commerce and Trade would determine whether or not a grant is to be awarded to an eligible ship repair company based on recommendations of the Virginia Economic Development Partnership and based on guidelines establishing the criteria for the awarding of grants. The guidelines must define "measurable increase in capacity or productivity" and "measurable decrease in the production of flawed product" as such phrases apply to or define a capital investment in technology. The guidelines also must require the Secretary of Commerce and Trade to take into account the number of new jobs created; wages; the amount of the capital investment; the net present value of benefits to Virginia; and other factors.

A grant awarded under this program would be in an amount equal to ten percent of the cost of the capital investment, but could not exceed ten percent of the amount in the Fund in the year that the terms of the grant are determined, or more than \$50 million in aggregate. The Secretary of Commerce and Trade could approve up to \$20 million in grants in any one fiscal year. The aggregate amount of grants outstanding at any one time, however, could not exceed \$80 million. The Commonwealth's annual obligation to make grant payments to individual ship repair companies could not exceed \$750,000. The grants would be payable in 25 equal installments beginning in the second year after the capital investment is completed.

The provisions of the bill would not become effective unless an appropriation effectuating their purposes is included in the 2002 Appropriation Act passed during the 2002 Session of the General Assembly and signed into law by the Governor.

6. **Fiscal impact:** See Item 8.

7. **Budget amendment necessary:** See Item 8.

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- 8. Fiscal implications:** Any fiscal impact associated with this legislation would depend on the amounts that are appropriated to the Virginia Maritime Investment Partnership Grant Fund and on the demand for grants under the program. While there would be additional costs to the Virginia Economic Development Partnership associated with administration of the new grant program, the amount of such costs is difficult to determine because it would depend on the amounts appropriated to the Fund as well as on the demand for grants under the program.
- 9. Specific agency or political subdivisions affected:** Virginia Economic Development Partnership.
- 10. Technical amendment necessary:** No.
- 11. Other comments:** None.

Date: 02/14/02/mar

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cc: Secretary of Commerce and Trade
Secretary of Finance