

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number SB 232

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Lambert

3. Committee Finance

4. Title Virginia Economic Development Incentive Act

5. Summary/Purpose: The bill would establish the Virginia Economic Development Incentive Fund to be administered by the Virginia Economic Development Partnership. The Fund would be used to provide grants to companies creating at least 400 jobs with average salaries at least 50 percent greater than the prevailing average wage for the area and investing at least \$5 million or \$6,500 per job, whichever is greater. (Beginning in 2005, the capital investment requirement would be indexed annually.) The Secretary of Commerce and Trade would determine the amount of an economic development incentive grant based on the recommendation of the Virginia Economic Development Partnership and contingent upon approval of the Governor. The Fund would consist of such moneys as may be appropriated by the General Assembly and designated for the Fund, including some proportion of the marginal revenues derived from eligible companies receiving grants under the provisions of the bill.

The amount of an economic development incentive grant to any eligible company could not exceed \$20 million in total, while the aggregate amount of grants approved in any fiscal year could not exceed \$30 million. The total annual grant payments to all grant recipients for any year could at no time exceed \$15 million. Grants would be paid in installments beginning in the third to fifth year after the Partnership has verified that the applicable requirements have been satisfied. Any company that receives an economic development incentive grant would not be eligible for a Virginia Investment Partnership grant, enterprise zone incentive grant, or a major business facility job tax credit.

6. Fiscal impact: Any fiscal impact associated with this legislation would depend on the number of projects that qualify for grants from the Virginia Economic Development Incentive Fund and on the amounts that are appropriated to the Fund to fulfill the economic development incentive grant commitments. The Partnership states that, under the provisions of the bill, a portion of the estimated sales and income tax revenues generated by the new jobs would be set aside to fund the economic development incentive grants.

7. Budget amendment necessary: No. There would be no fiscal impact in the next biennium.

8. Fiscal implications: See Item 6.

9. Specific agency or political subdivisions affected: Virginia Economic Development Partnership.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 02/16/04 / mar

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cc: Secretary of Commerce and Trade
Secretary of Finance