

## Department of Planning and Budget

### 2006 Fiscal Impact Statement

**1. Bill Number** HB1499

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

**2. Patron** Marshall, D.W.

**3. Committee** Passed Both Houses

**4. Title** Economic Crisis Strike Force.

**5. Summary/Purpose:**

Establishes the Economic Crisis Strike Force to respond as needed to economic disasters that may occur in the Commonwealth. This bill codifies Governor Warner's Executive Order 2 (2002). An economic disaster is defined as an employment loss of at least 5 percent during the immediately preceding six-month period, the closure or downsizing of a major regional employer in an economically distressed area, a natural disaster or act of terrorism for which the Governor has declared a state of emergency, or other economic crisis situations, which in the opinion of the Governor adversely affect the welfare of the citizens of the Commonwealth. The legislation will become effective upon its passage.

**6. No Fiscal Impact.** See item 8 below.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** The bill directs that the Secretary of Commerce and Trade chair the task force and the Governor determine when the task force is to be deployed. The bill also states which agencies will comprise the task force. These agencies include Secretaries of Education and Health and Human Resources as well as the Departments of Agriculture and Consumer Services, Business Assistance, Education, Housing and Community Development, Labor and Industry, Medical Assistance Services, Minority Business Enterprise, Social Services, and the Community College System, Employment Commission, Economic Development Partnership, and Tourism Authority. The Governor may call on other agencies to participate as needed and citizens to advise the strike force.

While the bill directs all state agencies to assist the strike force upon request, the Office of the Governor and the Secretary of Commerce and Trade are to serve as staff support for the strike force. On or before December 1 of each year, the strike force is to report to the Governor and General Assembly on its activities.

Under the provisions of Governor Warner's Executive Order 2 (2002), the Employment Commission was directed to lead the initiative to establish Coordinated Economic Recovery Centers (CERC's). This had a fiscal impact on the agency. In FY 2003, 2004, and FY 2006 the Employment Commission incurred a total of \$609,326 on three economic recovery

centers (Clarksville, Halifax, and Martinsville). The agency's costs were paid from federal Workforce Investment Act funds.

Mere participation in the strike force would not have a material cost to the agencies; any material costs would arise in the event the strike force is deployed. If the strike force is deployed and called upon to provide services similar to the CERCs, the participating agencies may incur a cost. Any cost is unknown as it would depend on the number of instances of deployment and the functions assigned to the agencies.

**9. Specific agency or political subdivisions affected:** The Office of the Governor, the Secretaries of Commerce and Trade, Education and Health, and Human Resources, the Departments of Agriculture and Consumer Services, Business Assistance, Education, Housing and Community Development, Labor and Industry, Medical Assistance Services, Minority Business Enterprise, Social Services, the Virginia Community College System, Virginia Employment Commission, Virginia Economic Development Partnership, and Virginia Tourism Authority.

**10. Technical amendment necessary:** No.

**11. Other comments:** The companion for this bill is SB535.

**Date:** 03/07/06/tmw

**Document:** G:\2006 Session\Fiscal Impact Statements\Hb1499ER.Doc Toni Walker

cc: Secretary of Commerce and Trade

Secretary of Education

Secretary of Health and Human Resources