

Department of Planning and Budget

2006 Fiscal Impact Statement

1. Bill Number SB 109

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

2. Patron Stosch

3. Committee S. Finance

4. Title Governor's Development Opportunity Fund

- 5. Summary/Purpose:** The bill would make several changes to the Governor's Development Opportunity Fund. Under the provisions of the bill, loans would be repaid to the Fund (currently loans are repaid to the general fund). The bill would require that, beginning with the five fiscal years from fiscal year 2006-07 through fiscal year 2010-11, and for every five fiscal years' period thereafter, in general, no less than one-third of the moneys appropriated to the Fund in every such five-year period must be awarded to counties and cities having an annual average unemployment rate that is greater than the final statewide average unemployment rate for the calendar year that immediately precedes the calendar year of the award. The bill also would prohibit funds from being used to pay or guarantee the payment for any rental, lease, license, or other contractual right to the use of any property.

The bill states that it shall be the policy of the Commonwealth that moneys in the Governor's Development Opportunity Fund shall not be used for any economic development project in which a business relocates or expands its operations in one or more Virginia localities and simultaneously closes its operations or substantially reduces the number of its employees in another Virginia locality. The bill also provides for the waiving of grant and loan requirements related to prevailing average wages and sets forth several elements that would have to be included in contracts between political subdivisions and economic development prospects. In addition, the bill would require that all proposed contracts between political subdivisions and economic development prospects be reviewed by the Attorney General prior to execution. The Attorney General would be required to review each contract (i) for enforceability as to its provisions and (ii) to ensure that it is in appropriate, legal form. The Attorney General would have seven days to provide any written suggestions, but the suggestions would be limited to the enforceability of the contract and the legal form of the contract.

- 6. Fiscal impact:** While the bill could impact the use of the Governor's Development Opportunity Fund, it would not affect total spending from the Fund. There would be some costs to the Virginia Economic Development Partnership associated with the provisions of the bill. However, such costs could be funded from existing resources. The Office of the Attorney General estimates that it would need one-half of a position and about \$39,300 in FY 2007 and about \$42,900 in FY 2008 in order to comply with the requirements of the bill. (These costs include salary and fringe benefits.)

- 7. Budget amendment necessary:** Yes; Item 48.

8. Fiscal implications: See Item 6.

9. Specific agency or political subdivisions affected: Virginia Economic Development Partnership; Office of the Attorney General.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 02/07/2006 / mar

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cc: Secretary of Commerce and Trade
Office of the Attorney General