

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2056

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

2. Patron: Hamilton

3. Committee: Passed Both Houses

4. Title: **Advanced shipbuilding training grant program.**

5. Summary: The proposed legislation establishes a new grant program, the Advanced Shipbuilding Training Facility Grant Program, relating to advanced shipbuilding activities involving nuclear vessels and submarines for the U.S. Navy. Grants would be paid to an eligible shipbuilder based in Newport News that (i) makes a capital investment of at least \$300 million by June 30, 2012; (ii) creates at least 1,000 new full-time jobs; (iii) maintains an accredited apprenticeship program with an average annual enrollment of at least 750; and (iv) maintains a level of base training expenditures no less than that spent in calendar year 2008 as set forth in the memorandum of understanding.

The proposed legislation establishes the Advanced Shipbuilding Training Facility Fund, from which, subject to appropriation, grants would be paid to a qualified shipbuilder. Grants would be paid beginning in FY 2013 and ending in FY 2017. Beginning in FY 2013, grants would be paid in \$5 million increments up to \$25 million in the aggregate in FY 2017. The grant funds may be expended by the qualified shipbuilder on training costs or to pay the capital or lease cost of any new training facility to provide that training.

On or before June 30, 2009, the shipbuilder must enter into a memorandum of understanding in the form of a performance agreement with the Commonwealth setting forth the requirement for capital investment, training cost, and the creation of new full-time jobs that will qualify the shipbuilder for a grant through the Advanced Shipbuilding Training Grant Program. By July 30, 2009, a copy of the memorandum of understanding and any economic impact analysis of the expected new capital investment and new jobs created pursuant to the agreement must be provided to the chairmen of the House Appropriations Committee and the Senate Finance Committee.

If the qualified shipbuilder has not fully met the grant requirements by July 1, 2012, the period of eligibility may be extended for up to three years, provided that grants in any given fiscal year shall not exceed \$5 million. Also, no later than 90 days following the application by the shipbuilder for payment of the fifth installment of grants, the Secretary of Commerce and Trade shall report on the shipbuilder's performance under the terms of the program, and may, if the shipbuilder has met the terms of the program, recommend eligibility for an additional \$25 million in grants for additional training activities payable over a subsequent five-year period.

6. Fiscal Impact Estimates: Final. See item 8, below.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: There is no fiscal impact associated with the legislation during the current biennium.

The proposed legislation outlines a schedule of payments in the aggregate from the Commonwealth to the qualified shipbuilder beginning in FY 2013 and running through FY 2017. The schedule indicates the maximum amount that could be paid in any given year. A qualified shipbuilder would be eligible to receive \$5 million each fiscal year. The maximum amount a qualified shipbuilder may receive in each fiscal year is as follows:

Fiscal Year	Maximum payment amount
2013	\$5,000,000
2014	\$10,000,000
2015	\$15,000,000
2016	\$20,000,000
2017	\$25,000,000

The maximum amount a recipient could receive from the program in total payments would be \$25 million. The maximum amount payable in any given fiscal year is \$5 million. If the shipbuilder has not met the grant requirements by July 1, 2012, the eligibility period may be extended for up to three years. Also, the Secretary of Commerce and Trade may recommend an additional \$25 million in grant payments, if he determines that the shipbuilder has met the program.

9. Specific Agency or Political Subdivisions Affected: Secretary of Commerce and Trade, Virginia Economic Development Partnership, Community College System.

10. Technical Amendment Necessary: No.

11. Other Comments: SB 1321 also establishes an advanced shipbuilding training grant program.

Date: 3/12/2009 tmw

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cc: Secretary of Commerce and Trade
Secretary of Education