

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: SB1321

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

2. Patron: Locke

3. Committee: Finance

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

- 5. Summary:** The proposed legislation establishes a new grant program, the Advanced Shipbuilding Training 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; and (iii) maintains an accredited apprenticeship program with an average annual enrollment of at least 750.

The proposed legislation establishes the Advanced Shipbuilding Training Grant 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 2022. Beginning in FY 2013, grants would be paid in \$5 million increments up to \$50 million in the aggregate in FY 2022.

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.

6. Fiscal Impact Estimates: Preliminary. 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 2022. 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
2018	\$30,000,000
2019	\$35,000,000
2020	\$40,000,000
2021	\$45,000,000
2022	\$50,000,000

The maximum amount a recipient could receive from the program in total payments would be \$50 million. The maximum amount in a given year would be reduced by the total aggregate amount of annual payments made to the shipbuilder through the prior fiscal year. For example, in FY 2014 the total aggregate amount of all payments to date to the shipbuilder cannot exceed \$10 million.

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: HB 2056 also establishes a new grant program, the Advanced Shipbuilding Training Grant Program, and is currently in House Appropriations.

Date: 2/4/2009 tmw

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cc: Secretary of Commerce and Trade
Secretary of Education