

## Department of Planning and Budget 2010 Fiscal Impact Statement

**1. Bill Number:** HB1395

House of Origin	<u>  X  </u>	Introduced	<u>      </u>	Substitute	<u>      </u>	Engrossed
Second House	<u>      </u>	In Committee	<u>      </u>	Substitute	<u>      </u>	Enrolled

**2. Patron:** Massie

**3. Committee:** House General Laws

**4. Title:** **Agreements under the Public-Private Transportation Act of 1995 and the Public-Private Education Facilities and Infrastructure Act of 2002**

- 5. Summary:** The proposed legislation would authorize state agencies and state authorities, upon the approval of the Governor, to enter into agreements with private entities under the Public-Private Transportation Act of 1995 and the Public-Private Education Facilities and Infrastructure Act of 2002 for the development of a project by the private entity. Such agreements would provide for the private entity to be paid performance grants. The source of the grants is to be a portion of the growth in state tax revenue attributable to the economic activity generated by the project.

Prior to any agreement, the Secretary of Transportation must certify to the Governor and the chairmen of the House Appropriations Committee and the Senate Finance Committee that the present value of the state tax revenues anticipated to be collected that are attributable to the project are at least 100 percent greater than the present value of the proposed grant payments.

The Secretary of Transportation must also certify that the private entity likely will not develop the facility unless the Commonwealth enters into an agreement and specifies the anticipated rate of return.

State tax revenues attributable to such economic activity may include, but shall not be limited to, state tax revenues from (i) wages, salaries, and contract payments paid to persons in the development of the facility; (ii) purchases of machinery, equipment, and materials in the development of the transportation facility; (iii) insurance premiums paid; (iv) the production of goods or services at business locations within a geographical area surrounding or adjacent to the facility; and (v) spin-off economic activity relating to the development of the facility including, but not limited to, wages, salaries, and contract payments paid to multiplier or spin-off jobs.

A special fund is to be created which shall consist of deposits appropriated by the General Assembly. The fund is to be used solely to make grant payments to the private entity. Annually, the Secretary of Finance shall certify an estimate of the growth in state tax revenues for the fiscal year that is attributable to economic activity generated by the development of the transportation facility, 50 percent of which is to be deposited into the special fund in equal quarterly deposits.

**6. Fiscal Impact Estimates:** Indeterminate. See Item 8.

**7. Budget Amendment Necessary:** None.

**8. Fiscal Implications:** The proposed legislation would require the Secretary of Finance to estimate an amount of tax revenue generated by a transportation or other qualifying project to be transferred to the special fund. The fiscal impact of this bill cannot be determined at this time. It is not possible to determine the level of economic activity this legislation will generate. It is assumed that any net revenues collected would be paid out as grants.

**9. Specific Agency or Political Subdivisions Affected:** Department of Transportation, Department of Accounts, Department of Taxation, general fund agencies.

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** None

**Date:** 3/8/2010 dpb/smc

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