

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: SB181

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

2. Patron: Stosch

3. Committee: Finance

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.

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) multiplier or 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 determine the amount to be deposited into the special fund that shall be 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 and that is required to be paid as grants to the private entity as detailed in the agreement. The Comptroller is to make quarterly deposits to the special fund based on the amount.

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, general fund agencies.

10. Technical Amendment Necessary: None.

11. Other Comments: None

Date: 2/8/2010 dpb/smc

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