

Department of Planning and Budget

2010 Fiscal Impact Statement

1. Bill Number: SB739

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

2. Patron: Stosch

3. Committee: Finance

4. Title: Governor's Development Opportunity Fund; Virginia Economic Development Incentive Grants

5. Summary: Expands the statute to allow for the use of funds from the Governor's Development Opportunity Fund for construction or build-out of privately owned buildings. Also, changes the caps for eligible projects awarded a Virginia Economic Development Incentive Grant (VEDIG) as follows: for eligible projects awarded grants prior to July 1, 2010, the aggregate amount of economic development incentive grants payable under this section in any fiscal year shall not exceed \$6 million, and the aggregate amount of such grants outstanding that were awarded prior to July 1, 2010, shall not exceed \$30 million. For eligible projects awarded grants on or after July 1, 2010, the aggregate amount of economic development incentive grants payable under this section in any fiscal year shall not exceed \$6 million and the aggregate amount of such grants outstanding on or after July 1, 2010, shall not exceed \$30 million.

6. Fiscal impact estimates are preliminary. See item 8, below.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: Any fiscal impact associated with this legislation would depend on the number of projects that qualify for grants under the Virginia Investment Partnership Act and on the amounts that are appropriated to fulfill the grant commitments.

As the Code provides for payment to an eligible company beginning in the third year after the Virginia Economic Development Partnership has verified that the company has satisfied the job creation and capital investment requirements for receipt of a grant award, the bill does not have a negative fiscal impact during the current or upcoming biennium. There may be some fiscal years in which payments for projects awarded grants prior to July 1, 2010, and for projects awarded grants on or after July 1, 2010, are due. If a significant number of new VEDIG awards are made in FY 2011 and each of these projects demonstrates an accelerated ramp-up, there may be fiscal years in which grants payable could be as much as double the current maximum amount, from \$6 million to \$12 million. Similarly, the aggregate amount that may be outstanding at any one time may reach \$60 million rather than \$30 million. However, any future fiscal impact would depend on the number of projects that qualify for these grants and the ramp-up for those projects. Payments are subject to appropriation by the General Assembly.

9. Specific Agency or Political Subdivisions Affected: Virginia Economic Development Partnership.

10. Technical Amendment Necessary: No.

11. Other Comments: This grant program was established in 2006. The 2007 General Assembly amended the statute to reduce the waiting period for payments under the Virginia Economic Development Incentive Grant subfund from four to three years, raise the aggregate amount of grants payable in any fiscal year from \$3 million to \$6 million, raise the aggregate amounts outstanding at any time from \$15 million to \$30 million, and remove the limit on the number of new incentive grants that may be awarded in any single biennium.

Date: 3/12/2010 tmw

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