

## Department of Planning and Budget 2011 Fiscal Impact Statement

**1. Bill Number:** HB1870

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

**2. Patron:**    Toscano

**3. Committee:** General Laws

**4. Title:**    Virginia Economic Development Partnership Authority; reports by businesses receiving subsidies.

- 5. Summary:** Virginia Economic Development Partnership Authority; reports by businesses receiving development subsidies. Requires any business entity that receives a development subsidy to file an annual report with the granting agency or the Authority no later than 60 days before the end of the fiscal year during which the development subsidy was received. The bill sets out the requirements for the annual report. The bill defines development subsidy as any expenditure of public funds with a value of at least \$25,000 expended for the purposes of stimulating economic development and job creation in the Commonwealth, and including bonds, grants, loan guarantees, fee waivers, price subsidies, tax abatement, tax exemptions, or tax credits.

*This impact statement is revised to offer a technical amendment and amend the fiscal implications section.*

**6. Budget Amendment Necessary:** Yes. Item 114.

**7. Fiscal impact estimates are preliminary.** See item 8, below.

- 8. Fiscal Implications:** The bill requires any entity that receives a developmental subsidy including funding through the Governor's Development Opportunity Fund (GOF), the Virginia Economic Development Partnership (VEDP), the Virginia Investment Partnership (VIP) Grant Fund, or the Enterprise Zone Real Property Investment Grant in the amount of \$25,000 or more for the purposes of stimulating economic development or job creation to file an annual report with the locality authorized to award the financial incentive or VEDP.

Under the GOF, a grant is awarded to the Virginia locality (county, city, town or Industrial/Economic Development Authority) for the benefit of a company locating to or expanding in the Commonwealth. However, under the majority of the incentive programs administered by VEDP, such as the Virginia Investment Partnership Grant Fund, Major Eligible Employer Grant, and the Virginia Economic Development Incentive, grants are awarded and paid directly to the company. Similarly, under the Enterprise Zone Real

Property Investment Grant, administered by the Department of Housing and Community Development, grants are awarded and paid directly to the business entity. Under the provisions of the bill, VEDP would be required to consolidate and publish on its website a summarized report of the various annual reports filed. VEDP anticipates that additional resources will be required to implement the bill. Specifically, approximately \$56,250 (including salary and benefits) will be required annually to support a staff person, and an undetermined amount for the development of a database to serve a repository for the data. At this time, any fiscal impact the bill may have on the granting locality or any other state agency is unknown.

Additionally, the bill requires that the recipient of funding submit a filing fee with the report. The bill does not specify whether the filing fee is to be used to defray costs associated with the condensing, summarizing, and publishing requirements.

- 9. Specific Agency or Political Subdivisions Affected:** Localities, Virginia Economic Development Partnership, Department of Housing and Community Development, and any other agency that provides a developmental subsidy.
- 10. Technical Amendment Necessary:** If the intent is for the reporting requirement to apply to programs in addition to those explicitly listed in the second enactment clause, the insertion of the language “including but not limited to a developmental subsidy” after “July 1, 2011,” is suggested.
- 11. Other Comments:** None.

**Date:** 1/25/11

**Document:** G:\2011 Session\Legislation\HB1870.Doc