

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB2495

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
Second House	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Jones

3. Committee: Commerce and Labor

4. Title: Advanced Shipbuilding Training Facility Grant Program.

- 5. Summary:** Revises the Advanced Shipbuilding Training Facility Grant Program by allowing the Commonwealth, the eligible city, and the qualified shipbuilder to structure an agreement whereby the eligible city would receive grants, not to exceed \$42 million, to be used toward payment of the costs of building the Facility, and the qualified shipbuilder, upon fulfilling performance requirements, would gain ownership of the facility at the end of the grant period. These parties retain the authority under current law to structure an agreement whereby the qualified shipbuilder receives grants upon fulfilling performance requirements. The bill also changes the date by which a memorandum of understanding must be reached to qualify a shipbuilder for the Program, from June 30, 2009, to August 31, 2011.

6. Budget Amendment Necessary: No. Not in the current biennium. See item 8, below.

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

- 8. Fiscal Implications:** There is no fiscal impact associated with the proposed legislation during the current biennium. Any fiscal impact resulting from the bill would occur in FY 2013, as the proposal provides for grants of an unspecified annual amount for a period of up to 10 years to the eligible city (the City of Newport News or its industrial development authority (IDA)) beginning in FY 2013.

Under the existing program, subject to appropriation and beginning in FY 2013 and ending in FY 2017, grants are paid to a qualified shipbuilder for expenses incurred on training costs or to pay the capital or lease cost of any new facility to provide that training. The legislation established a schedule of payments whereby beginning in FY 2013, grants would be paid in \$5 million increments up to \$25 million in the aggregate in FY 2017. The legislation provides for the potential payment of an additional \$25 million to the shipbuilder, for a total of \$50 million under the existing program. In order to qualify for the additional \$25 million, the Secretary of Commerce and Trade must find that the shipbuilder has met all of the terms required for payment of the initial \$25 million (payable through FY 2017). The additional \$25 million would also be payable over a five-year period.

The bill would restructure the existing program to allow an eligible city (the City of Newport News or its industrial development authority (IDA)) to receive a grant of up to \$42 million under the program. The provision of the grants would be subject to a memorandum of understanding between the Secretary of Commerce and Trade, the eligible city, and the qualified shipbuilder which provides that: the eligible city or private developer build a new training facility for use by the qualified shipbuilder and the qualified shipbuilder use the new training facility during the grant period; the new training facility is part of a development plan approved by the eligible city and the qualified shipbuilder that includes additional capital investment in the immediate vicinity of the new training facility that is equal to or greater than the cost of the facility, and in the event the qualified shipbuilder receives use of the new training facility, it waives its right to apply for the training grants authorized under the existing program established by the 2009 General Assembly, as discussed in the above paragraph.

The reenacted enactment clauses provide that no more than \$50 million in grants can be paid under the program. Also, the Governor is directed to include funding for this program in his 2012-2014 Introduced Budget Bill.

9. Specific Agency or Political Subdivisions Affected: City of Newport News, Secretary of Commerce and Trade, Virginia Economic Development Partnership, Community College System.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/9/11