

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** SB128

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

**2. Patron:** Stanley

**3. Committee:** Passed Both Houses

**4. Title:** Development Fund.

**5. Summary:** Creates the Governor's Agriculture and Forestry Industries Development Fund. The bill establishes an economic development grant program targeted specifically at agricultural and forestry operations. Grants will be awarded to support localities' efforts to attract value-added or processing facilities using Virginia-grown products. Under the program, localities will apply for grants after having established a relationship with a new or expanding business.

**6. Budget Amendment Necessary:** See item 8, below.

**7. Fiscal Impact Estimates:** Indeterminate. See item 8, below.

**8. Fiscal Implications:** The bill establishes the Governor's Agriculture and Forestry Industries Development Fund, which will consist of any moneys appropriated to it by the General Assembly and revenue deposited to the fund. Also, any moneys awarded from the fund and subsequently returned or repaid to the Commonwealth will be deposited to the fund.

The fiscal impact of the legislation is indeterminate. However, the bill provides that commitments from the fund cannot exceed the amount of funding contained in the fund. Awards from the fund may be in the form of grants or loans to political subdivisions, for the benefit of a new or expanding business that creates value-added agricultural or forestal products. Any political subdivision that receives a loan or grant from the fund must enter into a contract with the business beneficiary, to include the minimum private investment to be made and the number of new jobs projected to be created by the business beneficiary, and the minimum percentage of Virginia-grown or produced agricultural or forestal products to be purchased by the business beneficiary.

The Governor's introduced budget for the 2012-2014 biennium (House Bill 30) included \$1 million, each year from the general fund for deposit to the fund, of which \$250,000 in each year would be used to support agribusiness development. The budget as originally approved by the House maintained this funding, as did the budget recommendations made by the Senate Finance Committee. The newly introduced House Bill 1301, as passed by the House

Appropriations Committee, includes the funding originally requested by the Governor to support the creation of this fund.

- 9. Specific Agency or Political Subdivisions Affected:** Departments of Agriculture and Consumer Services and Forestry, Virginia Economic Development Partnership, Secretary of Agriculture and Forestry, political subdivisions.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** The Commonwealth provides several economic development incentive programs; however, agriculture and forestry related projects often have trouble qualifying for many traditional economic incentives. This is in part because, compared to many other projects, these projects are smaller in size. The program proposed in this bill is tailored toward the agriculture and forestry industries characteristics. In order to receive a grant or loan from the fund, the project must not only create jobs and investment, it must also provide a direct economic impact to Virginia agricultural and forestry producers and suppliers and add value to the working lands that are the basis of this production.

HB766 also establishes the Governor's Agriculture and Forestry Industries Development Fund.

**Date:** 3/7/12