

## Department of Planning and Budget 2014 Fiscal Impact Statement

**1. Bill Number:** HB1191

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

**2. Patron:** Massie

**3. Committee:** Finance

**4. Title:** Secretary of Commerce and Trade; annual reports evaluating the effectiveness of certain programs.

**5. Summary:** Requires the Secretary of Commerce and Trade to submit an annual report to the Chairs of the Senate Finance and the House Appropriations and Finance Committees on the effectiveness of economic development incentive programs administered by the Commonwealth. It would require state agencies and authorities which administer an economic development incentive program to report to the Secretary of Commerce and Trade information for each of the three previous calendar or fiscal years regarding the incentive programs including: as applicable, summary data such as the total number of grant awards, the total dollar amount of grants approved, and the total dollar amount repaid for projects that have reached completion or a performance milestone; performance metrics such as the actual and expected number of jobs created, dollar amount of capital invested, average wages paid, capital investment, and actual average wages realized, and proportion of projects that met or exceeded the project-specific goals; actual return on investment compared with its predicted rate of return for completed projects or those that have reached a performance milestone; estimated economic impact for projects completed; and performance and trends of each program over the previous three fiscal years. The Virginia Economic Development Partnership (VEDP) would then assist the Secretary of Commerce and Trade in preparing an annual report to the Chairs of the Senate Finance and the House Appropriations and Finance Committees. The bill requires that Secretary of Commerce and Trade submit a draft of the report to the Joint Legislative Audit and Review Commission (JLARC) for comment and that those comments be included in the final report to Chairmen of the House Appropriations and Senate Finance Committees.

**6. Budget Amendment Necessary:** Yes, Item 120 of HB30/SB30.

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

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2014			
2015	\$100,000	-	General Fund
2016	\$100,000	-	General Fund
2017	\$100,000	-	General Fund
2018	\$100,000	-	General Fund
2019	\$100,000	-	General Fund
2020	\$100,000	-	General Fund

- 8. Fiscal Implications:** This bill will require the various state agencies and authorities which administer economic development incentive programs to report to VEDP and the Secretary of Commerce and Trade a range of data related to the effectiveness of the incentive programs by July 15<sup>th</sup> of each year. While some of the information required by the bill is addressed in the annual and other reports currently produced with input from various state agencies that administer incentive programs, the bill would require that VEDP collect and aggregate additional data. Preliminary estimates from VEDP indicate that the Partnership would require \$100,000 in general fund support in each year going forward to hire one additional position with the responsibility of collecting and aggregating the data from the various state agencies that would be required to submit data regarding economic development incentive programs.

The bill will require that Secretary of Commerce and Trade submit a draft of the report to the Joint Legislative Audit and Review Commission (JLARC) by September 15<sup>th</sup> of each year. JLARC will be required to provide its comments on the Secretary's analysis. Additionally, JLARC's comments will be included as an appendix to the final report, which is due to the Chairmen of the House Appropriations and Senate Finance Committees by November 15<sup>th</sup> of each year. JLARC has indicated that the commission would be able to complete its review of the report using existing staff and resources. As a result, it is anticipated that this bill will not have a fiscal impact on JLARC.

The following agencies have indicated that they currently collect and report all or some of the data required under this bill and that any additional data that may need to be collected and reported can be obtained using existing resources. As a result this bill is not anticipated to have a fiscal impact on the following agencies: Department of Housing and Community Development; Virginia Tourism Authority; Department of Rail and Public Transportation; Department of Small Business and Supplier Diversity (DSBSD); Tobacco Indemnification and Community Revitalization Commission; Virginia Port Authority; Innovation and Entrepreneurship Investment Authority.

The Department of Transportation (VDOT) has not commented on the fiscal impact of this bill, as a result any fiscal impact on VDOT is indeterminate. Similarly, the fiscal impact on the Virginia Coalfield Economic Development Authority is indeterminate.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Economic Development Partnership; Department of Small Business and Supplier Diversity; Department of Housing and Community Development; Tobacco Indemnification and Community Revitalization Commission; Virginia Tourism Authority; Department of Rail and Public Transportation; Department of Transportation; Virginia Port Authority; Innovation and Entrepreneurship Investment Authority; Virginia Coalfield Economic Development Authority.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** HB932 and SB492 change the administration of the Virginia Jobs Investment Program (VJIP). Under both bills, the administration of the majority of the program would transfer from DSBSD to VEDP. DSBSD would retain responsibility for the Small Business Jobs Grant Fund Program, which is currently a component of VJIP. VJIP is one of the incentive programs subject to the provisions of this bill.