

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: HB1898

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

2. Patron: Cox

3. Committee: House Appropriations

4. Title: Pulp, Paper, and Fertilizer Advanced Manufacturing Performance Grant Program; created.

5. Summary: Creates the Pulp, Paper, and Fertilizer Advanced Manufacturing Performance Grant Program (Program), which would provide grants to any pulp, paper, and fertilizer manufacturer that invests at least \$2 billion in real or personal property and creates at least 2,000 new full-time jobs pursuant to a memorandum of understanding with the Commonwealth. The total amount of grants paid under the Program would not exceed \$20 million. Grants would be paid when the qualifying manufacturer attains the capital investment and job creation requirements included in the memorandum of understanding. Grants would be paid from the Pulp, Paper, and Fertilizer Advanced Manufacturing Performance Grant Program Fund, established in the bill.

6. Budget Amendment Necessary: No. A budget amendment is not required for the current biennium. Payments will be made beginning in FY 2017.

7. Fiscal Impact Estimates: Preliminary. See table and item 8 below.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	\$0	N/A	-
2016	\$0	N/A	-
2017	\$2,000,000	N/A	GF
2018	\$3,000,000	N/A	GF
2019	\$3,000,000	N/A	GF
2020	\$3,000,000	N/A	GF
2021	\$3,000,000	N/A	GF
2022	\$3,000,000	N/A	GF
2023	\$3,000,000	N/A	GF

8. Fiscal Implications: This bill will result in an expenditure impact in FY 2017, as payments under this program will be made beginning in FY 2017. The expenditure impact reflects the anticipated schedule of payments, as outlined in the bill. It is also anticipated that this bill will result in a revenue impact, resulting from sales taxes and individual income taxes

associated with the direct and indirect benefits of this project. At this time, the specific revenue impact cannot be confirmed.

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

10. Technical Amendment Necessary: No.

11. Other Comments: This legislation is the result of a recommendation to the General Assembly from the Major Employment and Investment Project Approval Commission to provide a \$20 million incentive package to secure an economic development project involving an advanced manufacturing facility in the paper, pulp and fertilizer sectors. The Commission made this recommendation on August 15, 2014.