Department of Planning and Budget
2016 Fiscal Impact Statement

1. **Bill Number:** HB834

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

2. **Patron:** Cox

3. **Committee:** Finance.

4. **Title:** Virginia Growth and Opportunity Act; report.

5. **Summary:** This bill establishes the Virginia Growth and Opportunity Board composed of 22 members that shall consist of seven legislative members, 12 non-legislative citizen members, and three ex officio members. The Board is responsible for the administration of grants from the Virginia Growth and Opportunity Fund, established in the bill, for regional economic and workforce development projects. The bill provides that regional councils, to be certified by the Board, will be established across the Commonwealth consisting of representatives of government and the business and education communities. Such regional councils may submit applications for collaborative projects in their region that enhance private-sector growth, competitiveness, and workforce development. The Board shall establish guidelines and procedures for the award and distribution of grants from the Fund. A portion of the grant funds may be used to support initial organizational efforts of each regional council such as capacity building. In addition, a portion will be awarded on a population basis and a portion on a competitive basis. Any grant awarded to a regional council shall require matching funds at least equal to the grant. No more than 90 percent of moneys in the Fund shall be awarded or allocated in any fiscal year. Staff support and technical assistance for the Board and the Governor shall be provided by agencies of the Secretariats of Commerce and Trade, Education, and Finance. The bill also provides that the accounts of the Board shall be audited annually by the Auditor of Public Accounts.

   The second enactment clause of the bill prescribes the way in which the initial appointments of nonlegislative members shall be made. The third enactment clause requires that the Chairmen of the Senate Committee on Finance and the House Committee on Appropriations convene a workgroup to assist the Board in development of guidelines and procedures to implement the provisions of the bill. The workgroup shall complete its work on the guidelines by October 15, 2016. The fourth enactment clause states that it is the intent of the General Assembly that by FY 2019, the Board shall create an affiliated entity, funded wholly with non-state resources, to provide staff support and provide other services necessary for the Board to carry out the duties pursuant to this Act.

6. **Budget Amendment Necessary**: Yes, to Item 1 of HB30/SB30 as introduced for compensation of legislative members from the House of Delegates and the Senate. See item 8, below.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2016	n/a	n/a	n/a
2017	$5,600	0	General Fund
2018	$5,600	0	General Fund
2019	$5,600	0	General Fund
2020	$5,600	0	General Fund
2021	$5,600	0	General Fund
2022	$5,600	0	General Fund

7b. Revenue Impact: None.

8. Fiscal Implications: This bill creates the Virginia Growth and Opportunity Fund, a special nonreverting fund in the state treasury. Item 109, paragraph N., of the introduced budget bill (HB30/SB30) includes $5.5 million from the general fund in FY 2017 and $20.0 million from the general fund in FY 2018 for deposit to the Virginia Growth and Opportunity Fund. Language under Item 109, paragraph N., specifies that of the amounts provided, (i) $5.5 million the first year and $5.5 million the second year shall be used to support organizational and capacity building activities of the regional councils, (ii) $6.2 million the second year shall be allocated to qualifying regions on a population basis, and (iii) $8.3 million the second year shall be awarded to regional councils on a competitive basis. Additionally, Item 476, paragraphs C.1.a. and C.1.b. of HB30/SB30 provide additional support for the Fund. Specifically, Item 476, paragraph C.1.a. includes $6.2 million the second year for allocation to qualifying regions on a population basis, supplementing the amount provided in Item 109 of HB30/SB30 bringing the total available for grants based on population to $12.4 million. Item 476, paragraph C.1.b. includes $6.7 million the second year for allocation to regional councils on a competitive basis, supplementing the amount provided in Item 109 of HB30/SB30 bringing the total available for competitive grants to $15.0 million. This distribution of funding is consistent with the provisions in this bill describing the allocation of grants from the Fund.

This bill establishes the Virginia Growth and Opportunity Board to administer the Fund. Staff support and technical assistance is to be provided by agencies of the Secretariats of Commerce and Trade, Education, and Finance. Item 109 of HB30/SB30 includes a general fund appropriation of $225,000 and two positions the first year and $225,000 two positions the second year under the Department of Housing and Community Development for administrative support for the Board and the grant program. The bill specifies that legislative board members shall be compensated as provided in Section 30-19.12, Code of Virginia. According to the provisions of that section, compensation shall be paid by the offices of the Clerk of the House of Delegates or Clerk of the Senate as appropriate. The Clerk of the House of Delegates anticipates a cost of $3,200 per year for compensation of legislative members, while the Clerk of the Senate anticipates a cost of $2,400. Both offices require a budget amendment to Item 1 of HB30/SB30 to cover the expense. The figure is calculated assuming a total of four meetings. The bill also specifies that nonlegislative board members shall receive compensation as provided in Section 2.2-2813, Code of Virginia. All members

shall be reimbursed for reasonable expenses incurred in the performance of their duties. It is anticipated that these costs can be paid from the appropriation provided in Item 109 of HB30/SB30 for administration of the grant program by the Department of Housing and Community Development.

The bill requires an annual audit of the accounts of the Board by the Auditor of Public Accounts (APA) or his legally authorized representatives. According to the APA, under auditing standards, the office would not be considered an independent auditor. As such, the APA would need to contract the auditing work required in this bill. The agency anticipates a cost of $4,000 for this audit. It is anticipated that this cost can be absorbed in current resources.

9. **Specific Agency or Political Subdivisions Affected:** Department of Housing and Community Development; Secretariats of Commerce and Trade, Education, and Finance; Virginia House of Delegates; Virginia Senate; Auditor of Public Accounts; localities.

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

11. **Other Comments:** This bill is similar to SB449 as passed by the Senate.