

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: SB602

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

2. Patron: Alexander

3. Committee: Finance

4. Title: Virginia Economic Development Incentive Grant Program

5. Summary: Extends the award of Virginia Economic Development Incentive Grants for eligible projects on and after July 1, 2016, in the aggregate amount of not more than \$6.0 million in any fiscal year and an aggregate total amount of grants outstanding of not more than \$30.0 million.

6. Budget Amendment Necessary: No. A budget amendment is not required for the current biennium. Payments will be made beginning in FY 2020.

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>
2016	\$0	N/A	-
2017	\$0	N/A	-
2018	\$0	N/A	-
2019	\$0	N/A	-
2020	\$6,000,000	N/A	GF
2021	\$6,000,000	N/A	GF
2022	\$6,000,000	N/A	GF
2023	\$6,000,000	N/A	GF
2024	\$6,000,000	N/A	GF

8. Fiscal Implications: This bill would authorize additional Virginia Economic Development Incentive Grant (VEDIG) grants. The VEDIG grant is a discretionary economic development performance incentive designed to assist and encourage companies to invest and create new employment opportunities by locating significant headquarters, administrative or service sector operations in Virginia.

Under current statute, the Virginia Economic Development Partnership (VEDP) may award VEDIG grants on or after July 1, 2010, in an aggregate amount up to \$30.0 million. Since July 1, 2010, VEDP has awarded or offered to prospective projects a total of \$24.0 million in VEDIG grants. This bill would allow VEDP to continue to offer VEDIG grants as part of incentive packages by creating another authorization of \$30.0 million for grants made after

July 1, 2016. VEDIG grant payments are capped at \$6.0 million per year. Payments for grants authorized after July 1, 2016 will be made starting no earlier than FY 2020.

The expenditure impact represents the maximum potential impact of awarded VEDIG grants. This level would only be reached if the total grant value was awarded and if all the projects were completed, completed on time, and met all of the performance requirements. It is not anticipated that the full level of potential grants will be awarded.

Revenues generated would be based on the direct and indirect sales tax revenues derived from the capital investment and the activities of the grantee companies and from the individual income taxes paid by the direct and indirect employees associated with the project. At this time, the revenue impact is indeterminate.

9. Specific Agency or Political Subdivisions Affected: None.

10. Technical Amendment Necessary: No.

11. Other Comments: None.