

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: SB717

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

2. Patron: Marsden

3. Committee: Agriculture, Chesapeake and Natural Resources

4. Title: Vineyards; grapevine grant program.

5. Summary: The bill creates the Vineyards and Orchards Grant Fund and Program to fund grants to independent cideries, farm wineries, orchards, and vineyards that purchase materials for vines or fruit trees in order to establish or expand vineyards or orchards. The bill establishes the Vineyards and Orchards Grant Fund, a special non-reverting, permanent fund, on the books of the Comptroller. The Fund will provide a grant for purchased materials or supplies for vines or fruit trees for use in establishing or expanding a vineyard or orchard. The bill directs that priority be given to an applicant who proposes to (i) expand a vineyard or orchard measuring five acres or less, (ii) expand a vineyard or orchard measuring more than five acres, and (iii) establish a new vineyard or orchard.

6. Budget Amendment Necessary: Yes, to Item 91 of HB30/SB30 to capitalize the Vineyards and Orchards Grant Fund. See item 8, below.

7. Fiscal Impact Estimates: Preliminary.

8. Fiscal Implications: The bill establishes a new grant program, as well as a special fund in the state treasury, the Vineyards and Orchards Grant Fund, from which grants will be paid. The bill provides for revenue deposits to the special fund from general fund appropriations, gifts, donations, grants, and bequests. At this time, a specific funding source has not been identified.

The bill requires the Department of Agriculture and Consumer Services (VDACS) to establish an advisory committee to support the department in the administration of the grant, to develop guidelines that establish the process for qualifying for a grant, and to administer the grant program. In addition, the bill directs the department to compile, maintain, and distribute information on the grant program and on vineyard and orchard management. The bill provides that the Vineyard and Orchards Grant Fund shall be used for administering and funding the program.

According to VDACS, the estimated administrative expenditures for the grant program include costs associated with a program manager position (salary, fringe benefits, and operating expenses of approximately \$94,000 a year) and the development and maintenance of an on-line system for submitting and tracking grant applications. The system costs are

estimated at \$75,000 for initial database and interface development and \$20,000 each year for annual maintenance and data storage. As the bill provides for the special fund to be used for administration as well as grants, a nongeneral fund appropriation and a nongeneral fund position will be required. This appropriation can be established administratively during FY 2017 once the Fund has been established on the state books. The bill states that grants shall be issued on an annual basis beginning July 1, 2018; however, it is likely that an appropriation will be required in FY 2017 to begin implementation of the program.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services.

10. Technical Amendment Necessary: No.

11. Other Comments: None.