

## Department of Planning and Budget 2023 Fiscal Impact Statement

**1. Bill Number:** HB1769

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

**2. Patron:** Marshall

**3. Committee:** Finance and Appropriations

**4. Title:** MEI Project Approval Commission; review procedures.

**5. Summary:** Adds to the incentive packages for economic development, film, and episodic television projects that require MEI Project Approval Commission (the Commission) review and approval any incentive package in which one of the incentives being sought includes a cash payment of more than \$3.5 million from any fund prior to any performance metrics being met by the proposed project. The bill clarifies that in calculating whether the value of proposed incentives exceeds \$10 million and thus requires review under current law, the value of existing nondiscretionary tax credits, tax incentives, and grants shall not be considered, with the exception of the sales tax exemption for data centers and the motion picture tax credit. Finally, the bill provides that economic development projects that propose to relocate or expand operations in one area of the Commonwealth while closing or reducing operations in another area of the Commonwealth shall be subject to Commission review only if the value of the proposed incentives exceeds \$2.5 million.

The bill also requires state agencies and political subdivisions that have significant involvement in a proposed individual incentive package to verify the job creation and investment data before they are presented to the Commission. Finally, the bill allows the Commission to review potential economic development projects presented by private sector businesses or state authorities which would be financed through entitlements to sales taxes or through personal or corporate income tax incentives or modifications.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Preliminary.

**8. Fiscal Implications:** This bill adds to and clarifies the incentive projects that require review and approval of the MEI Project Approval Commission. It is anticipated that the provisions of this bill can be implemented within current resources.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Economic Development Partnership; Virginia Tourism Authority; MEI Commission.

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

**11. Other Comments:** None.