

## Department of Planning and Budget 2023 Fiscal Impact Statement

**1. Bill Number:** HB1842

**House of Origin**    ☐ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☒ Substitute    ☐ Enrolled

**2. Patron:** Knight

**3. Committee:** Finance and Appropriations

**4. Title:** Virginia Business Ready Sites Program; workgroup.

**5. Summary:** Directs the Virginia Economic Development Partnership Authority to convene a work group to assess and develop recommendations for the creation of a Virginia business ready site program for the purposes of (i) acquiring sites to create and maintain a portfolio of project-ready sites to promote economic development in the Commonwealth, (ii) developing such sites to increase their marketability, and (iii) entering into development agreements with private employers for large-scale economic development projects. The work group membership shall include the Director of the Virginia Economic Development Authority Partnership; local economic development entity officials from urban, suburban, and rural localities in Virginia; two members of the Senate Committee on Finance and Appropriations selected by the Chairman; two members of the House Committee on Appropriations selected by the Chairman; and the Secretary of Commerce and Trade. Staff of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations and attorneys from the Division of Legislative Services shall provide support to the work group upon request. The work group shall complete its work and submit a report of its findings and recommendations to the Governor and the Chairmen of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations no later than November 1, 2023.

**6. Budget Amendment Necessary:** No, see item 8.

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

**8. Fiscal Implications:** It is anticipated that the provisions of this bill can be implemented within current resources of the Virginia Economic Development Partnership Authority and the Secretary of Commerce and Trade.

Item 113, paragraph S.1., of the introduced budget bill, HB1400/SB800, provides \$200.0 million in FY 2023 from the general fund for a Site Acquisition Pilot Program to identify and fill gaps in the Commonwealth's current portfolio of industrial properties available for economic development projects, or be deposited to the Business Ready Sites Program Fund established in § 2.2-2240.2:1, Code of Virginia. An investment committee to be comprised of

the Governor, Secretaries of Commerce and Trade and Finance, and the President and Chief Executive Officer of VEDP shall determine the appropriate split between the programs. In consultation with the DGS, VEDP shall develop guidelines for the administration and implementation of the Site Acquisition Pilot Program. The introduced budget bill authorizes VEDP and DGS to use funds appropriated in Item 113 S.1. to offset administrative expenses related to the program. Lastly, Item 113, paragraph T.1 of HB1400/SB800, authorizes a general fund appropriation of \$250.0 million in FY 2024 for the program contingent on actual general fund revenue collections.

Budget amendments approved by the House reduce the funding for the Virginia Business Ready Sites Acquisition Fund to \$200.0 million over the biennium, with second year funding contingent on general fund revenues. Budget amendments approved by the Senate remove all funding for the site acquisition program. Any conflicts that exist between the bill and the budget language would default to the budget language.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Economic Development Partnership; Secretary of Commerce and Trade; Division of Legislative Services.
- 10. Technical Amendment Necessary:** Yes. Lines 10 and 22, strike “Director” and insert “President and Chief Executive Officer”
- 11. Other Comments:** None.