

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB1421

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Caputo

3. Committee: Commerce and Labor

4. Title: Renewable Energy Research Grant Program; established.

5. Summary: This bill establishes the Renewable Energy Research Grant Program and Fund under the Virginia Energy Plan. Moneys in the Fund shall be used for the sole purpose of attracting public and private research funding for institutions of higher education in order to increase renewable energy research capacity and development opportunities in Virginia. The program has four components: (i) a matching funds program to leverage federal and private research dollars; (ii) a strategic enhancement program to upgrade the research capacity of those academic departments that have demonstrated the ability to perform innovative research in renewable energy fields that have strong potential to contribute to economic development in the Commonwealth; (iii) a program to upgrade renewable energy research capacity in key departments of the institutions in order to attract specific companies to locate or expand in Virginia; and (iv) a program to enhance the capability of the institutions of higher education to commercialize renewable energy technologies or applications developed through their research.

6. Fiscal Impact Estimates: Preliminary. See Item 8.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	\$0	0.00	n/a
2009	\$37,386	0.50	GF
2010	\$33,886	0.50	GF
2011	\$33,886	0.50	GF
2012	\$33,886	0.50	GF
2013	\$33,886	0.50	GF
2014	\$33,886	0.50	GF

7. Budget Amendment Necessary: Yes, Item 121, and an amendment creating an appropriation for the Renewable Energy Research Grant Fund.

8. Fiscal Implications: This bill establishes a Renewable Energy Research Grant Fund (the Fund) as a special nonreverting fund to increase the renewable energy research capacity and development opportunities in Virginia. The Fund is to be used solely for payment of grants to attract public and private research funding for institutions of higher education. Awards from

the Fund are to be made to Virginia public institutions of higher education or their associate intellectual property foundations.

The Fund is to have four components: two programs to upgrade renewable energy research capacity in higher education institutions; one program to enhance the institutions' ability to commercialize renewable energy technologies; and one matching funds program to leverage federal and private research dollars. Awards pertaining to the matching funds program are contingent upon the institution's receipt of federal or private funds.

A matching requirement exists for all four components of the Fund. In order for entities to receive awards from the Fund, they must be able to match the state grant on at least a dollar-to-dollar basis with private funds. The Department of Mines, Minerals and Energy (DMME) has the authority to make exceptions to the matching requirement for good cause. If eligible applications for funds exceed available moneys in the Fund, grants are to be pro-rated.

The bill specifies that the Fund and program are to be administered by DMME. DMME does not have any existing staff dedicated to responsibilities like those created by this bill, and estimates that it would require one additional permanent part-time position to administer the Fund and program. The salary and benefits for this position are estimated to cost approximately \$30,486 annually. Other recurring operating costs associated with the position will include rent, telephone, employee development, computer operating support, postage, printing, and supplies, and are estimated to be an additional \$3,400 annually. In FY 2009, DMME will need to purchase furniture and equipment for the new position at an estimated cost of \$3,500. This is a one-time expenditure that will not continue into future years. The total cost for this additional half-position is estimated to be approximately \$37,386 in FY 2009 and \$33,886 in the out-years.

A budget amendment is necessary to provide appropriation to fund both the costs of the program (DMME staffing costs), and the Fund itself. In the House of Delegates there is a proposed budget amendment that appropriates \$500,000 in general fund dollars in FY 2009 and FY 2010 to support the Renewable Energy Research Grant Program.

9. Specific Agency or Political Subdivisions Affected: Department of Mines, Minerals and Energy, state institutions of higher education.

10. Technical Amendment Necessary: No.

11. Other Comments: The Governor's Introduced Budget includes \$10.5 million for the biennium in general fund dollars for the Commonwealth Technology Research Fund (Technology Fund). The \$10.5 million for the Technology Fund is for the purpose of attracting public and private research funding for institutions of higher education. According to § 2.2-2233.1 of the Code of Virginia, research programs on energy are one of the possible fields for which grants from the Technology Fund may be made.

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cc: Secretary of Commerce and Trade
Secretary of Finance