

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB978

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

2. Patron: Nutter

3. Committee: Committee on Education

4. Title: **Property transfer; Virginia Polytechnic Institute and State University**

5. Summary: Authorizes the board of visitors of Virginia Polytechnic Institute and State University, with the approval of the Governor, to convey 95 acres to the Virginia Tech Foundation, Inc. to allow for the expansion of the Virginia Tech Corporate Research Center (CRC) Phase II. *The fiscal impact statement is revised to clarify the estimated value of the property transfer based on additional information provided by the university.*

6. No Fiscal Impact: Preliminary. See Item 8.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: The property will be an asset of the CRC to support economic development for the Commonwealth. The purpose of the CRC is to develop a growing, prestigious research park for high-technology companies. Phase I of the CRC began in 1985 and is essentially built. The limitation of available space has capped the potential for further economic development, technology transfer and entrepreneurship. With this property transfer, the CRC will be able to continue its efforts for economic development and research.

Phase I is fully developed with roads, water and sewer, telecommunications, infrastructure and buildings. The property value of the CRC Phase I is estimated at \$120,000 per acre. The Virginia Tech Foundation and private entities have built 28 buildings with a current asset value of \$80 million, employing 2,500 people in Phase I.

The proposed property transfer is necessary to allow the development of Phase II. The plan for Phase II includes 23 new buildings over time. Therefore, a capital asset base similar to that of Phase I can be expected. This property is agricultural containing no improvements and is expected to be significantly below the current \$120,000 per acre assessment for Phase I. The Virginia Tech Foundation plans to invest \$2 million or more in developing the infrastructure for Phase II and will finance the research buildings. If the CRC ceases to exist, the assets would flow to the university.

9. Specific Agency or Political Subdivisions Affected: Virginia Polytechnic Institute and State University.

10. Technical Amendment Necessary: No.

11. Other Comments: This is a similar bill to SB119.

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cc: Secretary of Education