

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2673

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

2. Patron: Putney

3. Committee: Appropriations

4. Title: Virginia Investment Partnership Act; definitions.

5. Summary: Amends the definition of "eligible company" by adding that a company may create or cause to be created 300 jobs with average salaries at least 100 percent greater than the Prevailing Average Wage to be eligible for performance grants under the Virginia Investment Partnership Act. Currently a company would have to create or cause to be created 400 jobs with average salaries at least 50 percent greater than the Prevailing Average Wage. The bill also has an emergency clause.

6. Fiscal Impact Estimates: Preliminary, see item 8, below.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: There is no fiscal impact associated with the legislation during the current biennium.

Virginia Economic Development Incentive Grants (VEDIG), provided for in the Virginia Investment Partnership Act, are paid out over a five year period in the third year after the company demonstrates investment and employment creation performance as stipulated in a performance agreement. The proposal may increase expenditures in the future, there is a two or three year lag between the company's performance under the VEDIG program and its receiving grant payments. Given this lag, there would be no fiscal impact in the current biennium. Any fiscal impact associated with the proposed legislative changes would depend on the number of projects that qualify for grants under the program and the amounts appropriated to fulfill the grant commitments. Payment of awards is subject to appropriation.

9. Specific Agency or Political Subdivisions Affected: The Virginia Economic Development Partnership

10. Technical Amendment Necessary: No.

11. Other Comments: SB1548 also amends the definitions governing the VIP program and is in Senate Finance.

Date: 2/6/2009 tmw

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cc: Secretary of Commerce and Trade,