Department of Planning and Budget
2010 Fiscal Impact Statement

1. **Bill Number:** HB199

   House of Origin X Introduced ___ Substitute ___ Engrossed

   Second House ___ In Committee ___ Substitute ___ Enrolled

2. **Patron:** Cox, M.K.

3. **Committee:** Appropriations

4. **Title:** MEI Project Approval Commission; work of the Commission.

5. **Summary:** Currently, the Major Employment and Investment (MEI) Project Approval Commission may review proposed financing or incentive packages for individual MEI projects that are proposed to be funded by bonds issued by the Virginia Public Building Authority (VPBA) and recommend approval or denial of such packages to VPBA. The Commission is comprised of 10 voting members who are members of the House Appropriations Committee and the Senate Finance Committee; in addition, the Secretaries of Finance and Commerce and Trade serve as ex officio, nonvoting members of the Commission. An affirmative vote of three of the five members of the House of Delegates serving on the Commission and two of the three members of the Senate serving on the Commission is required to endorse an MEI project involving the issuance of bonds by VPBA; no endorsement is effective without the approval of the package by the Governor. The Commission reports to the General Assembly annually on all endorsed packages.

   Under the proposed legislation, the MEI Project Approval Commission would review proposed financing for individual incentive packages, including packages offering tax incentives, for all economic development projects, for which (i) one or more of the incentives in the incentive package is not authorized under current law, or (ii) an amendment by the General Assembly is being sought to one or more currently existing incentives included as part of the incentive package. The Commission will recommend to the General Assembly approval or denial of the package. The bill strikes provisions for the Commission to recommend to VPBA financing through bonds for MEI projects and strikes the Governor's approval of Commission endorsed projects for VPBA financing.

6. **Fiscal impact estimates are preliminary.**

7. **Budget Amendment Necessary:** No.

8. **Fiscal Implications:** The bill expands the types of proposed incentive packages subject to review by the Commission. Also, the bill requires that the Commission recommend approval or denial of such packages to the General Assembly. Depending upon the number of additional Commission meetings and proposals reviewed by the Commission, there may be a fiscal impact.

The Code requires the Commission to report to the General Assembly annually by the first day of each Regular Session on all endorsed incentive packages, which is currently limited to those packages that are proposed to be funded by VPBA bonds. It is unclear whether the annual report currently provided for in the Code is the vehicle for transmitting the Commission's recommendations of such packages to the General Assembly or whether the Commission is to provide its endorsements of packages on an interim basis to the General Assembly through another reporting mechanism. If the Commission is to prepare reports on an interim basis or reports on packages for individual projects, there may be a fiscal impact.

It is anticipated that any fiscal impact would be minimal and could be absorbed within existing resources.

9. **Specific Agency or Political Subdivisions Affected:** Office of the Clerk of the Senate, Office of the Clerk of the House of Delegates, House Appropriations Committee, Senate Finance Committee, Auditor of Public Accounts, Virginia Economic Development Partnership, Treasury Board, Virginia Public Building Authority.

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

11. **Other Comments:** None.

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