

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: HB602

House of Origin	<u> X </u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: O'Bannon

3. Committee: Appropriations

4. Title: Governor's Development Opportunity Fund; authority to award grants.

5. Summary: The bill provides for a local matching requirement and authorizes the Governor to award grants up to \$2 million for projects located in a central city or urban core area.

6. Fiscal impact estimates are preliminary. See item 8, below.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: Total spending from the Governor's Development Opportunity Fund (GOF) is limited to the amount of available appropriation; however, imposing a maximum award amount for certain localities may impact the rate at which funds are committed.

Currently, neither the Code nor the Appropriation Act impose a maximum cap on the amount of any award from the GOF. The bill would provide for grants of up to \$2 million for projects located in a central city or urban core; the bill does not change the job creation or investment criteria established for central cities or urban cores.

Consistent with requirements in both the Code and the Appropriation act, the Virginia Economic Development Partnership (VEDP) has established guidelines for the administration of the Fund. According to these guidelines, the maximum amount of any GOF grant award is \$1.5 million; however, projects that the Governor has determined are of state or regional interest may be eligible for a grant of up to \$3 million. Imposing a statutory cap of \$2 million for projects located in a central city or urban core would remove the Governor's discretion to award a grant in excess of that sum to a central city or urban core area for a project of state or national interest.

Current GOF guidelines provide for at least a dollar-for-dollar local match with the amount requested from the Fund. The provision in the bill providing for a matching requirement is consistent with current policy regarding the GOF.

9. Specific Agency or Political Subdivisions Affected: Virginia Economic Development Partnership and communities designated as a central city or urban core.

10. Technical Amendment Necessary: No.

11. Other Comments: SB554, the companion bill, is in the Senate Committee on General Laws and Technology.

Date: 1/25/2010 tmw

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