

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: HB677

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

2. Patron: May

3. Committee: Appropriations

4. Title: **Specialized Biotechnology Research Performance Grant Program;
established.**

- 5. Summary:** The proposed legislation establishes a new grant program, the Specialized Biotechnology Research Performance Grant Program. Grants would be paid to a 501(c)(3) nonprofit entity based in Fairfax County that is engaged in research, development, and production related to molecular diagnostics and drug development that enters into a performance-based memorandum of understanding (MOU) with the Commonwealth to (i) make or cause to be made a capital investment of at least \$200 million after January 1, 2010, (ii) create or cause to be created, after January 1, 2010, at least 415 new full-time jobs, and (iii) meet any other criteria set forth in the agreement.

The proposed legislation establishes the Specialized Biotechnology Research Performance Grant Program Fund, from which, subject to appropriation, grants would be paid to a qualified research entity. Grants would be paid beginning in FY 2012 and ending in FY 2015. Beginning in FY 2012, grants would be paid in \$5.5 million increments, plus any sum deferred from a prior fiscal year, up to \$22 million in the aggregate in FY 2015. However, eligibility may be extended for up to two years, if the entity has not met the grant requirements set forth in the MOU by December 31, 2015. The grant funds may be expended on the costs of developing a facility for research, development, and production activities related to molecular diagnostics and drug development, and the operation of such a facility.

On or before June 30, 2010, the research entity must enter a performance-based MOU with the Commonwealth setting forth the requirements that will make the entity eligible for grants under the Specialized Biotechnology Research Performance Grant Program, including requirements for job creation, capital investment, fundraising commitments, collaboration with Virginia universities, and research contracts. Within 30 days of executing the MOU, a copy of the MOU and any economic impact analysis of the expected new capital investment, jobs, and any other performance criteria, must be provided to the chairmen of the House Appropriations Committee and the Senate Finance Committee.

Prior to receipt of any grant payment under this program, the research entity must provide evidence to the Secretary of Commerce and Trade indicating that the research entity has met the required job creation and retention goals, made the capital investment, and continues to make progress toward satisfactory completion of any other requirements in the MOU.

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

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010	0	-	-
2011	0	-	-
2012	5,500,000	-	GF
2013	5,500,000	-	GF
2014	5,500,000	-	GF
2015	5,500,000	-	GF
2016	0	-	-

7. Budget Amendment Necessary: No. HB30/SB30 includes an appropriation of \$5.5 million in FY 2012 for the first installment of the grant. Therefore, a budget amendment is not necessary.

8. Fiscal Implications: The bill outlines a schedule of payments, in the aggregate, from the Commonwealth to the qualified research entity in FY 2012 and running through FY 2015. Unless the grantee fails to meet the grant requirements, as stated in the MOU, by December 31, 2015, or a grant payment is deferred, the payments will occur in four annual installments of \$5.5 million for a total grant award of \$22 million, as outlined above. If a grant payment is deferred, the payments may be higher in subsequent fiscal years. Similarly, if the grantee fails to meet the requirements by December 31, 2015, payments may extend beyond FY 2015.

9. Specific Agency or Political Subdivisions Affected: Fairfax County, Center for Innovative Technology, Virginia Economic Development Partnership, Secretary of Commerce and Trade.

10. Technical Amendment Necessary: Yes. Page 1, line 49, strike “meets” and insert “meet”.

11. Other Comments: SB644 also establishes the Specialized Biotechnology Research Performance Grant Program

Date: 2/1/2010 tmw

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