

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: SB475

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|-----------------|-------------|--------------|-------------|------------|-------------|-----------|
| 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: Watkins

3. Committee: General Laws and Technology

4. Title: Governor's Development Opportunity Fund; criteria for awarding grants and loans.

5. Summary: The bill codifies additional criteria to be used in awarding grants and loans from the Governor's Development Opportunity Fund (GOF). The additional criteria shall include (i) job creation, (ii) private capital investment, and (iii) anticipated additional state tax revenue expected to accrue to the state and affected localities as a result of the capital investment and jobs created.

The Code and language in the Appropriation Act require the Virginia Economic Development Partnership (VEDP) to assist the Governor in developing objective guidelines and criteria to be used in awarding grants and loans from the Fund. The existing statute and current guidelines established for awards from the GOF include provisions regarding new jobs and capital investment. In determining grant amounts, consideration is given to new jobs, wage levels, overall employment, capital investment, area and regional unemployment and fiscal stress, the locality's interest in the project, and industry or company growth potential.

6. No fiscal impact. See item 8, below.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: Job creation and capital investment are currently taken into consideration in making an award from the GOF. Also, as part of its analysis of a prospective project, VEDP performs a return on investment analysis. This is also taken into consideration in making an award from the GOF. There is no fiscal impact associated with the proposed legislation.

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

10. Technical Amendment Necessary: No.

11. Other Comments: HB380, currently in the House Committee on General Laws, is a companion bill.

HB30/SB30, as introduced, includes \$11.8 million, from the general fund, in each year of the 2010-2012 biennium for the GOF.

Date: 1/25/2010 tmw

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