

Department of Planning and Budget
2012 Fiscal Impact Statement

1. Bill Number: HB1024

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

2. Patron: Englin

3. Committee: General Laws

4. Title: Governor's Development Opportunity Fund; use of Fund.

5. Summary: Specifies that at least 50 percent of the grants or loans to political subdivisions of the Commonwealth shall be used for economic development projects that involve the creation of at least 1,000 new jobs per project.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See item, 8 below.

8. Fiscal Implications: The fiscal impact is indeterminate. Total spending from the Governor's Development Opportunity Fund (GOF) is limited to the amount of available appropriation. Dedicating at least 50 percent of the grants to large projects may reduce the number of potential projects that receive a GOF award. Over the last two fiscal years, only one of the 44 projects for which a GOF grant was awarded were anticipated to create 1,000 or more new jobs, as reported in the FY 2011 and FY 2010 quarterly reports to the General Assembly on the performance of the fund required by Item 114 G, Chapter 874, 2011 Acts of Assembly.

In FY 2011, none of the GOF grants awarded were for individual projects anticipated to create at least 1,000 new jobs. In FY 2011, approximately \$11.2 million was awarded from the GOF. These awards supported the expansion or location to the Commonwealth of 27 projects; the total job creation of these projects was estimated at 3,099. Similarly, in FY 2010, one of the GOF grants awarded was for a project anticipated to create at least 1,000 new jobs. When the award was announced, it was anticipated that this project would create 1,200 new jobs. In FY 2010, approximately \$9.3 million was awarded from the GOF. These awards supported the expansion or location to the Commonwealth of 17 projects; the total job creation of these projects was estimated at 3,198.

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

10. Technical Amendment Necessary: Yes. Clarification of the basis for determining the 50 percent threshold. For example, whether it is to be based on an annual allocation grant awards, the life of the program, or some other methodology.

11. Other Comments: None.

Date: 1/23/12

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