

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB1183

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Cosgrove

3. Committee: Transportation

4. Title: Virginia Port Authority (VPA) organizational changes; creation of the Route 460 Corridor Interstate 85 Connector Economic Development Zone

5. Summary: The proposed legislation exempts VPA from preparing environmental reports when capital projects are less than \$5 million. The bill also authorizes VPA to retain an outside auditor chosen by the Auditor of Public Accounts through competitive negotiation. The General Assembly may request the Auditor of Public Accounts to perform an audit of VPA at any time.

The legislation makes several changes to the VPA board. The bill increases the number of residents of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth or Virginia Beach who may be on the board at one time from three to five. The bill requires members appointed by the Governor to have executive level experience in the industries of agriculture, distribution and warehousing, manufacturing, logistics and transportation, mining, marketing, legal, finance or transportation infrastructure. The board is authorized to create a Maritime Advisory Council to provide advice on port matters outside of the annual budget or personnel issues.

The bill also extends the sunset provisions on several port-related tax credits. The bill would extend the international trade facility tax credit by two years to January 1, 2017, the barge and rail usage tax credit by two years to January 1, 2017, and the Virginia port volume increase tax credit by one year to January 1, 2017. The International trade facility tax credit would be raised from \$3,000 to \$3,500 and the barge and rail tax credit would be expanded to include non-containerized cargo. The caps on both tax credits would not change. The bill contains an enactment clause requiring the Department of Taxation to report on specified aspects of the tax credits in the year immediately preceding any taxable year or calendar year in which the credit is due to expire.

The bill creates the Port Opportunity Fund, which is to be a subfund of the Commonwealth Port Fund. In years in which the Authority's net operating income exceeds operation expenditures by at least five percent, the VPA is to transfer five percent of the income from terminal revenues to the Port Opportunity Fund. Funds in the Port Opportunity Fund are to be used to fund a marketing program and to provide incentives for expanding the use of port

facilities. The VPA and its board are to develop regulations for the use of the incentives that comply with Virginia laws.

6. Budget Amendment Necessary: None.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: The changes to the Virginia Port Authority are expected to have a minimal fiscal impact on the current biennium. Although the bill extends the sunset clauses on certain tax credits, the credits have been assumed in the Governor's introduced budget.

The creation of the Port Opportunity Fund will not negatively impact the operational needs of the VPA, as the impact will only occur after all operating expenditures are paid. Any other benefits from the fund related to increasing port traffic cannot be determined at this time.

9. Specific Agency or Political Subdivisions Affected: Virginia Port Authority

10. Technical Amendment Necessary: None.

11. Other Comments: Similar to SB 578 S2.

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