

## Department of Planning and Budget

### 2014 Fiscal Impact Statement

**1. Bill Number:** SB292

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

**2. Patron:** Lucas

**3. Committee:** Finance

**4. Title:** Downtown Tunnel Construction Relief Grant Fund.

**5. Summary:** Establishes the Downtown Tunnel Construction Relief Grant Fund to provide grants of up to \$10,000 to businesses that have suffered economic damage as a result of road closures due to the construction of the Downtown Tunnel Project. The Fund would be administered by the Virginia Economic Development Partnership Authority. The act has a July 1, 2015, sunset.

**6. Budget Amendment Necessary:** Yes, Items 101 and 120 of the Introduced Budget Bill (HB30/SB30). See, item 8, below.

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

**8. Fiscal Implications:** Under the provisions of the bill, “any business that has suffered economic damage as a result of road closures due to the construction of the Downtown Tunnel Project” would be eligible to apply for a grant under the program. As such, the potential number of applicants for a grant under the program is indeterminate. The impact estimate, below, anticipates that VEDP will receive and review several thousand applications during the grant period established in the bill.

It is anticipated that VEDP will incur general fund costs in establishing and staffing the new grant program. The grant programs currently administered by VEDP are performance based and tied to stated grant eligibility parameters. The fiscal impact to VEDP in administering the new program is indeterminate, as the potential number of grant recipients is unknown. However, VEDP estimates the costs of implementing the bill could be as high as \$538,000 in FY 2015 and that staffing costs would include hiring the following staff:

- One position will be required to market and explain the program statewide to companies who may qualify and to other stakeholders, such as trade groups and local and regional economic developers at a cost of \$140,000 including salary, benefits, support, and additional marketing funds from the general fund.
- Three positions for the work of processing grants and monitoring the performance at a cost of \$172,000 including salary, benefits, and support from the general fund.

- One position to administer and manage the program at a cost of \$140,000 including salary, benefits, and support from the general fund.

A budget amendment will be required to capitalize the grant program. The amount of funding necessary to establish a program to provide grants would depend on the level of demand and the grant eligibility parameters, which have yet to be determined.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Economic Development Partnership; Economic Development Incentive Payments; Office of the Secretary of Administration's Office of Support Services.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** This bill is similar to HB351.