

Department of Planning and Budget

2016 Fiscal Impact Statement

1. Bill Number: HB1068

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

2. Patron: Jones

3. Committee: Passed Both Houses

4. Title: Advanced Shipbuilding Production Facility Grant Program.

5. Summary: Establishes a grant program for new facilities and activities related to the production of a class of nuclear warships for the United States Navy not previously built in Virginia. Grants would be paid to an eligible shipbuilder based in Newport News or to the City of Newport News that (i) makes a new capital investment of at least \$750 million for production facilities and (ii) creates at least 1,000 new full-time jobs. The amount that may be paid between FY 2017 and FY 2022 is \$6.0 million and \$40.0 million may be paid between FY 2023 and FY2027, for a total of \$46.0 million.

6. Budget Amendment Necessary: No. See item 8, below.

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

8. Fiscal Implications: The bill provides for payments to a qualifying shipbuilder located in the City of Newport News, the city, or the city's industrial development authority to assist with the construction of a new facility for the construction of or manufacture of components for a class of nuclear vessels or submarines. The bill would require new capital investment of at least \$750.0 million for production facilities and the creation of at least 1,000 new full-time jobs to be eligible for grants. The bill provides for a total of \$40.0 million in grants. The grants would not exceed \$8.0 million per year and be paid to the qualifying shipbuilder or eligible city between FY 2023 and FY 2027.

Additionally, subsection E of the bill provides that a shipbuilder or eligible city which has qualified under the existing Advanced Shipbuilding Training Facility Grant Program (under § 59.1-284.23, Code of Virginia) could qualify for an additional, separate \$6.0 million grant, payable between FY 2017 and FY 2022 to assist with the construction of a foundry facility to produce castings for the construction of a class of vessel or submarine not being built in Newport News prior to January 1, 2016. At this point, it is unclear at which point this payment would be made. As a result, the fiscal impact during the 2016-2018 biennium is indeterminate. A budget amendment would be needed to provide for payment in FY 2017 or FY 2018.

9. Specific Agency or Political Subdivisions Affected: Virginia Economic Development Partnership, City of Newport News.

10. Technical Amendment Necessary: No.

11. Other Comments: None.