

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB1498

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

2. Patron: Sickles

3. Committee: Appropriations

4. Title: Pharmaceutical Manufacturing Grant Program; creation.

5. Summary: Creates the Pharmaceutical Manufacturing Grant Program to make grant payments to an eligible pharmaceutical manufacturer that makes a capital investment of at least \$1 billion at a facility in Rockingham County and creates at least 152 new full-time jobs at the facility. The pharmaceutical manufacturer would be eligible for an aggregate of \$7.5 million in grants paid out over a three-year period if it meets such performance parameters. The bill also makes available, subject to appropriation, \$2.525 million to a comprehensive community college and baccalaureate public institution of higher education in or near Rockingham County to support the workforce development needs of the manufacturer and other research and development companies in the area.

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

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2021	\$3,230,000	General Fund
2022	\$2,993,750	General Fund
2023	\$2,993,750	General Fund
2024	\$433,750	General Fund
2025	\$313,750	General Fund
2026	n/a	n/a

8. Fiscal Implications: This bill establishes the Pharmaceutical Manufacturing Grant Program and the Pharmaceutical Manufacturing Grant Fund. The bill stipulates that the Commonwealth will provide an aggregate of \$7.5 million, payable in three annual amounts of \$2.5 million to an eligible company, should the company meet its performance metrics, with the annual payments made in fiscal years 2021, 2022 and 2023. Grants to an eligible company are to be paid from the Fund.

Additionally, the bill authorizes \$2.53 million in fiscal years 2021 through 2025 to fund higher education programs to build a pipeline of workers to address initial and ongoing needs

for employees with specialized skill sets to serve a qualified company and other advanced manufacturers in the region.

HB30/SB30, as introduced, includes \$3.2 million the first year and \$2.9 million the second year to support this program. Budgetary language in Item 112 references this legislation and delineates the amounts available for an eligible company as well as the higher education programs. Funding will be required in future years to support the program and fulfill commitments made to the company and higher education institutions.

The Fund will be administered by the Virginia Economic Development Partnership and the Secretary of Commerce and Trade. It is anticipated that any costs to administer the program can be absorbed in current resources.

9. Specific Agency or Political Subdivisions Affected: Virginia Economic Development Partnership; Secretary of Commerce and Trade; higher education institutions.

10. Technical Amendment Necessary: No.

11. Other Comments: SB610 is the companion to this bill.