Department of Planning and Budget
2023 Fiscal Impact Statement

1. **Bill Number:** HB1832

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

2. **Patron:** Wyatt

3. **Committee:** Agriculture, Chesapeake and Natural Resources

4. **Title:** Virginia Port Authority; tax credits and grants

5. **Summary:** This bill converts tax credits to grant programs including the barge and rail usage tax credit and the Virginia port volume increase tax credit when they expire on January 1, 2025. The bill also converts the Port of Virginia Economic Development Grant Program to consist of two component programs: the Economic and Infrastructure Development Grant Program and the International Trade Facility Grant Program in replacement of the International Trade Facility Tax Credit. The bill also moves the sunset date of the existing Port of Virginia Economic and Infrastructure Development Grant Fund and Program from June 30, 2025, to December 31, 2024.

6. **Budget Amendment Necessary**: No.

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

8. **Fiscal Implications:** None at this time but a future appropriation will need to be considered beginning in FY 2025, when the tax credits expire and the grant programs begin.

   This legislation is in response to a JLARC Report on Trade and Transportation Incentives in 2021 that recommended converting multiple tax credits to grant programs. Currently, tax credits are factored into the anticipated revenues of the budget. The existing tax credit programs have been underutilized. This prior utilization amount may be used to help determine the appropriate funding for these grant programs at a later date. This legislation sets up the grant programs in Code to go into effect upon the tax credits' expiration. This fiscal impact statement captures the combined annual caps in the legislation of the three grant programs upon the tax credits' expiration. Any actual fiscal impact is indeterminate at this time and depends on amounts appropriated for these grant programs in future fiscal years.

   The existing Barge and Rail Usage Tax Credit Program has an annual credit cap of $500,000 (§ 58.1-439.12:09). The Barge and Rail Usage Grant Program created by this bill includes a grant award cap of $1 million per year. This program incentivizes moving cargo by barge or rail rather than over the road if cargo is increased by 5 percent year over year through those modes of transportation.

The existing Virginia Port Volume Increase Tax Credit Program has an annual credit cap of $3.2 million (§ 58.1-439.12:10). The Port Volume Increase Grant Program created by this bill has a grant award cap of $3.8 million per year. This program incentivizes businesses to increase their cargo moved to and from Virginia by at least 5 percent year over year.

The existing Port of Virginia Economic and Infrastructure Development Grant Program has an annual grant award cap of $5 million (§ 62.1-132.3:2); however, budget language authorizes up to $2 million from the Commonwealth's Development Opportunity Fund to support the existing grant program. The existing International Trade Facility Tax Credit Program has an annual credit cap of $1.25 million (§ 58.1-439.12:06). The Port of Virginia Economic Development Grant program created by this bill has a grant award cap of $6.25 million a year, comprised of $5 million for the Economic and Infrastructure Development Grant Program and $1.25 million for the International Trade Facility Grant Program. This program is intended to attract new or expand existing businesses to the Commonwealth and make Virginia a key part of their supply chain.

The complete utilization rate of the existing tax credit programs will be available closer to the tax credits' expiration. Based on the maximum annual cap of each grant program created by this bill, the maximum annual appropriation beginning in FY 2025 and thereafter is $11.05 million. The actual tax credit utilization rates may help inform the appropriate funding amount once that information is available.

The agency currently has the staffing required to administer this program.

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

10. **Technical Amendment Necessary:** No

11. **Other Comments:** This bill is a companion to SB 1345.