

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: SB496

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

2. Patron: Carroll Foy

3. Committee: Passed the Senate.

4. Title: Virginia Growth and Opportunity Act; Virginia investment performance grants; Virginia economic dev.

5. Summary: Reduces the local funding match requirement for GO Virginia grants from being equal to the grant amount to being at least equal to half of the grant amount. The bill also adds the Secretary of Labor to the Virginia Growth and Opportunity Board.

The bill also allows payouts for the Virginia investment performance grant (VIP) and the Virginia economic development incentive grant programs to begin in the first year after reaching performance targets. Under current law, payouts for such grant programs generally cannot begin until the third year after projects achieve their performance targets. In addition, the bill caps the aggregate amount of VIP grants payable in any fiscal year to no more than \$8 million. Additionally, no VIP grant to an eligible manufacturer or research and development service shall exceed \$5 million in total, and no annual payment to any eligible manufacturer or research and development service shall exceed \$1 million.

The second enactment of the bill states that the provisions of this bill shall not impact the obligations of the Commonwealth under any existing agreements for the payments of grants entered into prior to the effective date of the bill.

The third enactment of the bill provides that the provisions related to matching grants under the GO Virginia program shall expire on July 1, 2028.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary.

8. Fiscal Implications: It is anticipated that any impact resulting from this bill can be absorbed within current resources of the Department of Housing and Community Development related to the GO Virginia program. Currently, the Virginia Growth and Opportunity Board has the authority to reduce matching grant funds to half of the grant amount.

Any fiscal impact associated with this legislation related to the VIP program would depend on the number of projects that qualify for grants under the Virginia Investment Partnership Act and on the amounts that are appropriated to fulfill the grant commitments. Currently,

these grants are paid over a five-year period three years after the company demonstrates investment and employment creation performance as stipulated in a performance agreement; grants are paid two years after the company demonstrates performance if the project is located in a distressed community. This bill changes the provisions to begin payments in the first year after completion and verification of the capital investment and any pledged job creation requirements. The current cap on the aggregate amount of grants approved in any year and the cap on the aggregate amount outstanding at any time are specified in certain dates in statute. This bill removes those specific dates and requirements, and instead establishes that at no time shall the aggregate amount of grants payable to all grant recipients in any fiscal year exceed \$8 million.

Payment of awards is subject to appropriation.

9. Specific Agency or Political Subdivisions Affected: Virginia Economic Development Partnership; Department of Housing and Community Development.

10. Technical Amendment Necessary: No.

11. Other Comments: None.