

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: HB354ER

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|-----------------|--------------------------|--------------|--------------------------|------------|-------------------------------------|-----------|
| 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: Tata

3. Committee: Passed both houses

4. Title: Virginia Military Community Infrastructure Grant Program and Fund.

5. Summary: The proposed legislation establishes the Virginia Military Community Infrastructure Grant Fund (Fund) to support military communities in the Commonwealth by awarding grants to aid the planning and design, construction, or completion of infrastructure projects that enhance military readiness, installation resiliency, or quality of life for military communities. The bill directs the Secretary of Veterans and Defense Affairs to develop guidance and criteria to be used in awarding grants from the Fund and an annual grant application that sets out certain requirements for a grantee.

6. Budget Amendment Necessary: No. Item 468.D. of the Introduced Budget (HB30/SB30) includes \$10 million in FY 2023 from the general fund to support the Virginia Military Community Infrastructure Grant Program through state matching dollars.

7. Fiscal Impact Estimates: Final (see Item 8 below).

8. Fiscal Implications: Proceeds from the Fund are to be used to support military communities in the Commonwealth by awarding grants to aid the planning and design, construction, or completion of infrastructure projects that enhance military readiness, installation resiliency, or quality of life for military communities. Furthermore, the bill specifies that any such project will be clearly defined, will include a measurable outcome in support of the task force mission of protecting military installations in the Commonwealth, and will typically be completed within two years of contracting.

Furthermore, the proposed legislation directs the Secretary to: (1) report expenditures each quarter; (2) retain all invoices, bills, receipts, canceled checks, proof of payment, and similar documentation to substantiate expenditures of grant funding; and (3) provide a 50 percent cash match from nonstate funds; and (4) return excess state grant funding within 30 days after the term of the grant expires.

Additionally, the proposed legislation establishes that: prior to the distribution of any funds, any grantee seeking funding pursuant to § 2.2-233.1 will submit a grant application to the Secretary for consideration; the Commonwealth will have the right to make inspections and copies of the books and records of a grantee at any time, and; the grantee shall undergo an audit for the grant period and provide a copy of the audit report to the Secretary.

The proposed legislation defines "Infrastructure" to mean any project that will (i) preserve, protect, and enhance military installations; (ii) support the state's position in research and development related to or arising out of military missions and contracting; and (iii) improve the military-friendly environment for service members, military dependents, military retirees, and businesses that bring military-related and base-related jobs to the Commonwealth. The bill also defines "Military community" to mean any locality that can demonstrate that more than five percent of the community's economy is derived from military funding.

Item 468.D. of the Introduced Budget (HB30/SB30) includes \$10 million in FY 2023 from the general fund to provide state matching dollars for localities to receive grant funding from the federal government to support local economies, fund infrastructure projects, and strengthen Virginia's military bases.

Finally, a language amendment to Item 468.2 of the introduced budget would be needed to allow the purpose of this bill to be realized as it relates to the 50 percent cash match from nonstate funds. Since the appropriation act supersedes statutory law, the existing language in the appropriation act that establishes these payments would need to be modified to match this legislation. See Item #11.

9. Specific Agency or Political Subdivisions Affected: The Secretary of Veterans and Defense Affairs.

10. Technical Amendment Necessary: None.

11. Other Comments: This bill is identical to SB315ER. The following language is included in Item 468.D. of the Introduced Budget (HB30/SB30):

D. Included in this appropriation is \$10,000,000 the first year from the general fund to provide grants under the State Military Community Infrastructure Program. These grant funds are to serve as a local match for military communities to pursue Department of Defense grants to support infrastructure resilience projects in military installations and to enhance military readiness.