

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: SB28

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

2. Patron: Marsden

3. Committee: Finance and Appropriations

4. Title: Economic development; Virginia Business Ready Sites Program Fund created.

5. Summary: Establishes the Virginia Business Ready Sites Program Fund (the Fund). The Fund would be administered by the Governor and the Virginia Economic Development Partnership Authority and would provide grants to political subdivisions to prepare sites for industrial or commercial development. The bill repeals existing law that created the Major Employment and Investment Project Site Planning Grant Fund and provides that any remaining funds would be allocated to the Fund. The bill also authorizes grants from the Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund for site remediation and requires the prioritization of sites with potential for redevelopment and economic benefits to the surrounding community.

6. Budget Amendment Necessary: Yes; Items 113 and 125 of HB30/SB30, as Introduced.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact: Item 125 – Virginia Economic Development Partnership

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	(\$5,562,500)	n/a	GF
2024	(\$5,562,500)	n/a	GF
2025	(\$5,562,500)	n/a	GF
2026	(\$5,562,500)	n/a	GF
2027	(\$5,562,500)	n/a	GF
2028	(\$5,562,500)	n/a	GF
2029	(\$5,562,500)	n/a	GF

Expenditure Impact: Item 113 – Economic Development Incentive Payments

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	\$5,562,500	n/a	GF
2024	\$5,562,500	n/a	GF
2025	\$5,562,500	n/a	GF
2026	\$5,562,500	n/a	GF
2027	\$5,562,500	n/a	GF
2028	\$5,562,500	n/a	GF

2029

\$5,562,500

n/a

GF

- 8. Fiscal Implications:** This bill creates a new fund titled the Virginia Business Ready Sites Program Fund to be administered by the Virginia Economic Development Partnership (VEDP), and be used to provide site characterization grants and site development grants for eligible sites for the purpose of creating and maintaining a portfolio of project-ready sites to promote economic development in all regions of the Commonwealth.. The bill does not authorize VEDP to recover program administration costs from Fund. Currently, VEDP administers the Virginia Business Ready Sites Program supported by a direct appropriation to the Partnership. HB30/SB30 as introduced includes \$5.6 million in each year from the general fund for this program. An Executive Amendment to HB30/SB30, as introduced, provides an additional \$14.4 million from the general fund in each year for the Virginia Business Ready Sites Program.

The bill requires that this new fund be on the books of the State Comptroller; however, VEDP, as a political subdivision, does not have access to Cardinal. As such, it is anticipated that the appropriation for this program will need to be moved to Economic Development Incentive Payments, a holding account. Additionally, a fiscal agent will be required, similar to the administration of the Commonwealth's Development Opportunity Fund, another program overseen by VEDP. Currently, the Division of Selected Agency Support Services within the Office of the Governor serves as fiscal agent for the COF and Virginia Investment Partnership grant funds for VEDP. All grant awards from the Fund will require separate allotments for payment through the Department of Planning and Budget's Performance Budgeting System upon request from VEDP, and payments will have to be made in coordination with the Division of Selected Agency Support Services. At this time, the impact to the Division of Selected Agency Support Services is pending.

Additionally, the bill also codifies that grants up to \$500,000 from the Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund for site remediation, which aligns with the current guidelines for the program.

Finally, the bill repeals statute related to the Major Employment and Investment Project Site Planning Grant Fund and provides that any remaining balances be transferred to the new Fund. The balance in the Major Employment and Investment Project Site Planning Grant Fund at the end of FY 2021 totaled \$1,114.42.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Economic Development Partnership; Division of Selected Agency Support Services; Department of Environmental Quality; Department of Planning and Budget; Department of Accounts.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** HB29/SB29, as Introduced, includes an additional \$150 million in FY 2022, from the general fund, for the Business Ready Sites program.