

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. **Bill Number:** HB1457

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

2. **Patron:** Carr

3. **Committee:** Passed both Houses.

4. **Title:** Virginia Investment Performance Grants.

5. **Summary:** Makes changes to the process for awarding Virginia Investment Performance Grants. Under the bill, beginning July 1, 2024, (i) the aggregate amount of Grants payable to all Grant recipients in any fiscal year shall not exceed \$7 million; (ii) Grants shall be payable in five equal, annual installments of up to \$1 million; (iii) no Grant recipient shall receive more than \$5 million across all fiscal years; and (iv) Grants shall begin in the first year after verification of capital investment and job creation requirements. The bill also provides that Virginia Economic Development Incentive Grants shall begin in the first year after verification of capital investment and job creation requirements.

The bill contains an enactment clause clarifying that no existing agreement entered into prior to the effective date of the bill shall be impacted by the bill. However, the aggregate amount of grants payable in a fiscal year shall include all grants payable in such fiscal year, regardless of whether such grants were awarded prior to July 1, 2024, or on or after July 1, 2024.

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

7. **Fiscal Impact Estimates:** Final.

8. **Fiscal Implications:** Any fiscal impact associated with this legislation 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 it has 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 bill removes the exception of payment eligibility related to the location of an eligible company in a distressed community.

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 \$7 million.

Payment of awards is subject to appropriation.

9. Specific Agency or Political Subdivisions Affected: Virginia Economic Development Partnership.

10. Technical Amendment Necessary: No.

11. Other Comments: None.