

Contact: Lisa M. Guthrie
Executive Director

530 East Main Street, Suite 410
Richmond, VA 23219
Phone: 804-225-1902
Fax: 804-225-1904
Cell: 804-240-1976

Email: info@valcv.org



To: Members of the House Committee on General Laws

From: Lisa Guthrie
Executive Director, Virginia League of Conservation Voters

Date: 3/1/2010

Re: Position of Opposition to HB 1395

HB 1395 (Massie): Public-Private Acts of 1995 and 2002; certain grant agreements. **OPPOSE**

Authorizes state agencies, upon approval of the Governor, to enter into PPTA and PPEA agreements that provide for a private entity to be paid grants from a portion of the growth in state taxes attributable to development of the project.

- **HB 1395 was introduced at the request of Governor McDonnell last Thursday, February 25th. It is nearly identical to SB 181 (Stosch) which was already defeated in the Senate Finance Committee on February 11th due to concerns it would tap into the General Fund to provide grants to private developers.**
- **HB 1395 would allow a giveaway of taxpayer dollars to private road builders.**
 - A share of four types of tax revenue (sales tax, individual income tax, corporate income tax, insurance license tax) from five types of activities (including payments to persons developing a facility, purchases of equipment and materials in developing a facility, production of goods or services in business locations near the facility, and wages and salaries from multiplier or spin-off economic activity) could be paid as performance grants, apparently up to the total amount of revenue arguably connected with the project.
- **HB 1395 could create accounting confusion and be open to abuse.**
 - For example, detailing and tracking tax revenues attributable to economic activity generated by or resulting from a building or facility is easier said than done.
 - The economic activity “generated by, facilitated by, or resulting from” the development of a facility is vague, potentially enormous, and creates an obvious incentive for a proposer to overestimate.
 - Proposer and state estimates of cost of PPTA projects have frequently been incorrect. It is just as difficult to fairly and accurately estimate the grants that this bill would allow.
- **HB 1395 would create an incentive for sprawl by tying bonus payments to the amount of new development established along a project.**
- **HB 1395 would siphon off General Funds revenues needed for other purposes and will complicate budgeting.**
- **HB 1395 would allow General Fund revenues to be committed **without oversight by the General Assembly.****

Thank you for your consideration and I hope we can count on your support for our positions.