

Department of Planning and Budget

2001 Fiscal Impact Statement

1. Bill Number SB1109

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Stosch

3. Committee Finance

4. Title Semiconductor Manufacturing Performance Grant Programs

5. **Summary/Purpose:** The bill would create additional grant programs for manufacturers of semiconductor memory or logic wafers. One program, which would be created within the existing Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program, would provide grants to semiconductor manufacturers for capital investment and job creation within the City of Manassas. The grant amounts would be (i) up to \$25 million for new capital investment of at least \$700 million that results in the creation of 600 new full-time jobs by January 1, 2003; and (ii) an additional \$45 million for additional new capital investment of \$2 billion that results in the creation of an additional 1,350 new full-time jobs by January 1, 2007. Such new capital investment could not include any investment that also qualifies or has qualified as cumulative investment for purposes of the existing Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program, and any semiconductor-related products that are produced or manufactured as a result of such new capital investments would not be eligible for grants under the existing program. In addition, no grant could be paid until the Senate Committee on Finance and the House Committee on Appropriations review the unsigned written Memorandum of Understanding between the manufacturer and the Commonwealth, with such Memorandum of Understanding specifying the conditions of grant eligibility.

A second program, which would be created within the Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program II, would provide grants to semiconductor manufacturers for capital investment and job creation within the County of Henrico. The grant amounts would be (i) \$15 million for new capital investment of at least \$1.1 billion that results in the creation of a new manufacturing module by January 1, 2004; (ii) an additional \$5 million if 300 new full-time administrative jobs are created by January 1, 2004; and (iii) an additional \$35 million if an additional 1,100 new full-time jobs are created by January 1, 2005. Such new capital investment could not include any investment that qualifies or has qualified the manufacturer for the existing Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program II, and any semiconductor-related products that are produced or manufactured as a result of such new capital investments would not be eligible for grants under the existing program. In addition, no grant could be paid until the Senate Committee on Finance and the House Committee on Appropriations review the unsigned written Memorandum of Understanding between the manufacturer and the Commonwealth, with such Memorandum of Understanding specifying the conditions of grant eligibility.

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6. Fiscal Impact: See Item 8.
7. Budget amendment necessary: No.
8. Fiscal implications: The following table details the projected schedules of grant payments under this legislation, as estimated by the Virginia Economic Development Partnership. The estimates assume that both manufacturers fully achieve their investment and employment goals.

Fiscal Year	Amount	
	Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program	Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program II
2002	\$0	\$0
2003	\$0	\$0
2004	\$0	\$0
2005	\$0	\$0
2006	\$0	\$20.00 million
2007	\$0	\$8.75 million
2008	\$5.00 million	\$8.75 million
2009	\$18.75 million	\$8.75 million
2010	\$18.75 million	\$8.75 million
2011	\$13.75 million	\$0
2012	\$13.75 million	
Total	\$70.00 million	\$55.00 million

9. Specific agency or political subdivisions affected: Virginia Economic Development Partnership; City of Manassas; County of Henrico.
10. Technical amendment necessary: Yes. The introduced bill used the term “Memorandum of Agreement,” while the amendments proposed by the Senate Finance Committee use the term “Memorandum of Understanding.”
11. Other comments: None.

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cc: Secretary of Commerce and Trade

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