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HOUSE BILL NO. 713

Offered January 9, 2002

Prefiled January 9, 2002

A BILL to amend and reenact § 2.2-115 of the Code of Virginia, relating to the Governor's Development Opportunity Fund; economically stressed communities.

Patrons—Armstrong, Hurt, Marshall, D.W., May, Nutter, Saxman and Stump; Senator: Reynolds

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That § 2.2-115 of the Code of Virginia is amended and reenacted as follows:

§ 2.2-115. Governor's Development Opportunity Fund.

A. There is created the Governor's Development Opportunity Fund (the Fund) to be used by the Governor to attract economic development prospects and secure the expansion of existing industry in the Commonwealth. The Fund shall consist of any funds appropriated to it by the general appropriation act and revenue from any other source, public or private. The Fund shall be established on the books of the Comptroller, and any funds remaining in the Fund at the end of a biennium shall not revert to the general fund but shall remain in the Fund. Interest earned on the Fund shall be credited to the Fund. The Governor shall report to the chairmen of the House Committees on Appropriations and Finance, and the Senate Committee on Finance as funds are awarded in accordance with this section.

B. Funds shall be awarded from the Fund by the Governor as grants or loans to political subdivisions. Loans shall be approved by the Governor and made in accordance with procedures established by the Virginia Economic Development Partnership and approved by the Comptroller. Loans shall be interest-free unless otherwise determined by the Governor and shall be repaid to the general fund of the state treasury. The Governor may establish the interest rate to be charged; otherwise, any interest charged shall be at market rates as determined by the State Treasurer and shall be indicative of the duration of the loan. The Virginia Economic Development Partnership shall be responsible for monitoring repayment of such loans and reporting the receivables to the Comptroller as required.

C. Funds may be used for public and private utility extension or capacity development on and off site; road, rail, or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving, and any other activity required to prepare a site for construction; construction or build-out of publicly owned buildings; grants or loans to an industrial development authority, housing and redevelopment authority, or other political subdivision pursuant to its duties or powers; training; or anything else permitted by law.

D. Except as provided in this subsection, no grant or loan shall be awarded from the Fund unless the project involves a minimum private investment of $10,000,000 and creates 100 jobs. In localities with a population between 50,000 and 100,000, the minimum private investment shall be $5,000,000, creating 50 jobs. In localities with a population of 50,000 or less, the minimum private investment shall be $2,500,000, creating 25 jobs. Central cities or urban cores shall be treated for eligibility purposes the same as communities of 50,000 to 100,000 population. For projects where the average wage of the new jobs created is at least twice the prevailing wage, excluding benefits, for that locality or region, the Governor shall have the discretion to require no less than one-half the number of jobs as set forth for that locality in this subsection.

E. The Virginia Economic Development Partnership shall assist the Governor in developing objective guidelines and criteria that shall be used in awarding grants or making loans from the Fund. No grant or loan shall be awarded until the Governor has provided copies of the guidelines and criteria to the chairmen of the House Committees on Appropriations and Finance and the Senate Committee on Finance. The guidelines and criteria shall include provisions for geographic diversity and a cap on the amount of funds to be provided to any individual project. In developing the guidelines and criteria, the Virginia Economic Development Partnership shall use the Fiscal Stress cited in the Index published by the Commission on Local Government for the locality in which the project is located or will be located as one method of determining the amount of assistance a locality shall receive from the Fund.

F. Within thirty days of each six-month period ending June 30 and December 30, the Governor shall provide a report to the chairmen of the House Committees on Appropriations and Finance and the Senate Committee on Finance which shall include, but is not limited to, the following information: the name of the company and the type of business in which it engages; the location (county, city, or town) of the project; the amount of the grant or loan made or committed from the Fund and the purpose for which it will be used; the number of jobs created or projected to be created; the amount of the company's investment in the project; and the timetable for the completion of the project and jobs created.

G. The Governor shall provide grants and commitments from the Fund in an amount not to exceed the dollar amount contained in the Fund. If the Governor commits funds for years beyond the fiscal years covered under the existing appropriation act, the State Treasurer shall set aside and reserve the funds the Governor has committed, and the funds shall remain in the Fund for those future fiscal years. No grant or loan shall be payable in the years beyond the existing appropriation act unless the funds are currently available in the Fund.

H. No matching funds shall be required by the Governor as a condition of receiving a grant or loan from the Fund for economically stressed communities. For the purposes of this subsection "economically stressed communities" means any locality that has had a net loss of ten percent of its jobs in the past five years or has an unemployment rate of more than nine percent over a period of six months. The provisions of this subsection shall expire on July 1, 2005.