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**HOUSE BILL NO. 2056**

Offered January 14, 2009

Prefiled January 13, 2009

*A BILL to amend the Code of Virginia by adding in Title 59.1 a chapter numbered 22.6, consisting of a section numbered 59.1-284.23, relating to an advanced shipbuilding training grant program.*

Patrons—Hamilton, BaCote, Barlow, Gear, Janis, Massie, O'Bannon, Oder, Pogge, Purkey, Vanderhye and Ward

Referred to Committee on Commerce and Labor

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding in Title 59.1 a chapter numbered 22.6, consisting of a section numbered 59.1-284.23, as follows:**

**CHAPTER 22.6.****ADVANCED SHIPBUILDING TRAINING GRANT PROGRAM.**

§ 59.1-284.23. Advanced Shipbuilding Training Grant Program; eligible city.

A. As used in this section:

"Advanced shipbuilding" means (i) the manufacture, construction, assembly, overhaul, repair, and test of nuclear warships for the U.S. Navy; (ii) the design or development of nuclear warships for the U.S. Navy; or (iii) the manufacturing activities of a private company described under 2007 index number 336611 of the North American Industry Classification System.

"Capital investment" means an investment in real property, tangible personal property, or both, within the Commonwealth, that is capitalized.

"Eligible city" means the City of Newport News.

"Grant" means the advanced shipbuilding training grant as described in this section.

"Memorandum of understanding" means a performance agreement entered into on or before June 30, 2009, among a qualified shipbuilder, the Commonwealth, and others as appropriate, such as the eligible city, setting forth the requirements for capital investment, training cost, and the creation of new full-time jobs that will make the qualified shipbuilder eligible for a grant under this section.

"New full-time job" means employment of an indefinite duration in an eligible city, created as the direct result of capital investment, for which the average annual wage is at least equal to the prevailing average annual wage in an eligible city and for which the standard fringe benefits are paid by the qualified shipbuilder, requiring a minimum of either (i) 35 hours of an employee's time per week for the entire normal year of such qualified shipbuilder's operations, which "normal year" must consist of at least 48 weeks, or (ii) 1,680 hours per year. Seasonal or temporary positions and positions created when a job function is shifted from an existing location in the Commonwealth shall not qualify as new full-time jobs under this section. Other positions, which may or may not be of indefinite duration, including supplemental employees of affiliates, subsidiaries, joint ventures, contractors, or subcontractors of the qualified shipbuilder, may be considered new full-time jobs, if so designated as such in the memorandum of understanding between such qualified shipbuilder, the Commonwealth, and others.

"Qualified shipbuilder" means a shipbuilder located in an eligible city that (i) is expected to make a capital investment of at least \$300 million by June 30, 2012, related to advanced shipbuilding in an eligible city; (ii) is expected to create at least 1,000 new full-time jobs in an eligible city for advanced shipbuilding or activities ancillary to or supportive of advanced shipbuilding; and (iii) maintains an apprenticeship program accredited by the Council for Occupational Education with an average annual enrollment of 750 and articulation agreements with local community colleges that allow its graduates to qualify for accredited associate degrees from those institutions.

"Secretary" means the Secretary of Commerce and Trade or his designee.

"Training cost" means an expense paid by a qualified shipbuilder to train or retrain a new or existing employee in advanced shipbuilding or activities ancillary to or supportive of advanced shipbuilding, including but not limited to (i) the personnel cost of employees of the qualified shipbuilder conducting the training; (ii) materials and supplies used in providing that training; (iii) tuition and other costs paid to a school or vendor for training of a new or existing employee; or (iv) the capital or lease cost of any facility to provide that training that is built or leased by a qualified shipbuilder after July 1, 2009.

B. Any qualified shipbuilder located in an eligible city shall be eligible to receive a grant each fiscal year beginning with the Commonwealth's fiscal year starting on July 1, 2012, and ending with the

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HB2056

58 Commonwealth's fiscal year starting on July 1, 2021, unless such time frame is extended in accordance  
59 with subsection E. The grants under this section (i) shall be paid, subject to appropriation by the  
60 General Assembly, from a fund entitled the Advanced Shipbuilding Training Grant Fund, which Fund is  
61 hereby established on the books of the Comptroller; (ii) shall not exceed \$50 million in the aggregate in  
62 any one fiscal year; and (iii) shall be paid to a qualified shipbuilder during each fiscal year contingent  
63 upon the qualified shipbuilder meeting the requirements for the aggregate of (a) number of new full-time  
64 jobs created and the substantial retention of the same; (b) training costs expended; and (c) amount of  
65 the capital investment made and substantially retained, as set forth in the memorandum of  
66 understanding; and (iv) shall be expended by the qualified shipbuilder on training costs.

67 C. If grants to be paid to qualified shipbuilders under this section in a fiscal year exceed the  
68 aggregate amount available in the Advanced Shipbuilding Training Grant Fund for that year, each  
69 qualified shipbuilder's grants for the year shall equal the amount of grants to which the qualified  
70 shipbuilder would otherwise be eligible multiplied by a fraction. The numerator of the fraction shall  
71 equal the aggregate dollar amount available for payment from the Advanced Shipbuilding Training  
72 Grant Fund for that fiscal year, and the denominator shall equal the aggregate dollar amount of grants  
73 to which all qualified shipbuilders otherwise would be eligible for such fiscal year. The aggregate  
74 amount of the grants payable under this section shall be subject to the following requirements and  
75 limitations:

76 1. Grants shall be awarded after July 1, 2012, and before July 1, 2022, unless such time frame is  
77 extended in accordance with subsection E;

78 2. The amount of the grant to be paid in each fiscal year shall be conditional upon the qualified  
79 shipbuilder meeting the requirements for the (i) aggregate number of new full-time jobs created and the  
80 substantial retention of the same throughout the calendar year that immediately precedes the end of  
81 such fiscal year, (ii) aggregate amount of the capital investment made and substantially retained as of  
82 the last day of the calendar year that immediately precedes the end of such fiscal year, and (iii)  
83 aggregate training costs as set forth in the memorandum of understanding entered into on or before  
84 June 30, 2009. Grants shall be paid based upon such requirements as agreed to on or before June 30,  
85 2009, regardless if such memorandum of understanding is later modified, amended, superseded, or  
86 otherwise changed;

87 3. The aggregate amount of grants that may be awarded in a particular fiscal year shall not exceed  
88 the following:

89 a. \$5 million for the Commonwealth's fiscal year beginning July 1, 2012;

90 b. \$10 million, less the total amount of grants previously awarded pursuant to this subsection, for  
91 the Commonwealth's fiscal year beginning July 1, 2013;

92 c. \$15 million, less the total amount of grants previously awarded pursuant to this subsection, for the  
93 Commonwealth's fiscal year beginning July 1, 2014;

94 d. \$20 million, less the total amount of grants previously awarded pursuant to this subsection, for  
95 the Commonwealth's fiscal year beginning July 1, 2015;

96 e. \$25 million, less the total amount of grants previously awarded pursuant to this subsection, for the  
97 Commonwealth's fiscal year beginning July 1, 2016;

98 f. \$30 million, less the total amount of grants previously awarded pursuant to this subsection, for the  
99 Commonwealth's fiscal year beginning July 1, 2017;

100 g. \$35 million, less the total amount of grants previously awarded pursuant to this subsection, for  
101 the Commonwealth's fiscal year beginning July 1, 2018;

102 h. \$40 million, less the total amount of grants previously awarded pursuant to this subsection, for  
103 the Commonwealth's fiscal year beginning July 1, 2019;

104 i. \$45 million, less the total amount of grants previously awarded pursuant to this subsection, for the  
105 Commonwealth's fiscal year beginning July 1, 2020; and

106 j. \$50 million, less the total amount of grants previously awarded pursuant to this subsection, for the  
107 Commonwealth's fiscal year beginning July 1, 2021; and

108 4. Grants provided by this section shall not exceed \$50 million in the aggregate or the aggregate  
109 total of training costs expended by a qualified shipbuilder during the period, whichever is less.

110 D. Any qualified shipbuilder applying for a grant under this section shall provide evidence,  
111 satisfactory to the Secretary, of (i) the aggregate number of new full-time jobs created and the  
112 substantial retention of the same throughout the calendar year that immediately precedes the end of the  
113 fiscal year in which the grant is to be paid; (ii) the aggregate amount of the capital investment made  
114 and substantially retained as of the last day of the calendar year that immediately precedes the end of  
115 the fiscal year in which the grant is to be paid; and (iii) the aggregate amount of training costs  
116 expended as of the last day of the calendar year that immediately precedes the end of the fiscal year in  
117 which the grant is to be paid. The application and evidence shall be filed with the Secretary in person  
118 or by mail no later than April 1 each year following the calendar year in which the qualified  
119 shipbuilder meets such aggregate new full-time job requirements and aggregate capital investments.

120 Failure to meet the filing deadline shall result in a deferral of a scheduled grant payment set forth in  
121 subsection C. For filings by mail, the postmark cancellation shall govern the date of the filing  
122 determination.

123 E. The memorandum of understanding may provide that if a grant payment has been deferred for  
124 any reason, including the initial failure to meet the aggregate capital investment and the aggregate new  
125 full-time job requirements set forth in the memorandum of understanding or the occurrence of any  
126 substantial reduction in such new full-time job requirements or capital investment requirements after  
127 such requirements have been met but before the grant payment has been made, payment in a subsequent  
128 fiscal year for which such requirements have been met for the immediately preceding calendar year  
129 shall include both the deferred payment and the scheduled grant payment as provided in subsection C.

130 F. Within 30 days after the filing deadline in subsection D, the Secretary shall certify to (i) the  
131 Comptroller and (ii) each qualified shipbuilder the amount of the grant to which such qualified  
132 shipbuilder is entitled under this section for payment in the current fiscal year. Payment of such grant  
133 shall be made by check issued by the Treasurer of Virginia on warrant of the Comptroller by June 30 of  
134 such fiscal year.

135 G. As a condition of receipt of a grant, a qualified shipbuilder shall make available to the Secretary  
136 or his designee for inspection upon his request relevant and applicable documents to determine whether  
137 the qualified shipbuilder has met the requirements for the receipt of grants as set forth in this section  
138 and subject to the memorandum of understanding. The Comptroller shall not draw any warrants to issue  
139 checks for the grant program under this section without a specific appropriation for the same. All such  
140 documents appropriately identified by the qualified shipbuilder shall be considered confidential and  
141 proprietary.