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HOUSE BILL NO. 1037

Offered January 13, 2010

Prefiled January 13, 2010

A *BILL to amend the Code of Virginia by adding sections numbered 45.1-392.1 and 45.1-392.2 and to repeal § 45.1-392 of the Code of Virginia, relating to the establishment of the Clean Energy Manufacturing Incentive Grant.*

Patrons—Byron and Garrett

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 sections numbered 45.1-392.1 and 45.1-392.2 as follows:

§ 45.1-392.1. Clean Energy Manufacturing Incentive Grant Fund.

There is hereby created in the state treasury a special nonreverting fund to be known as the Clean Energy Manufacturing Incentive Grant Fund, hereafter referred to as "the Fund." The Fund shall be established on the books of the Comptroller. The Fund shall consist of such moneys as may be appropriated to it by the General Assembly. Moneys in the Fund shall be used solely for the purposes of providing grants to certain clean energy manufacturers as specified in § 45.1-392.2. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Department of Mines, Minerals and Energy.

§ 45.1-392.2. Clean Energy Manufacturing Incentive Grant Program.

A. For the purposes of this section:

"Authority" means the Virginia Economic Development Partnership Authority established in § 2.2-2234.

"Clean energy manufacturer" means a manufacturer whose primary function is to manufacture or assemble equipment, systems, or products used to produce renewable or nuclear energy, or for energy conservation or efficiency purposes, so long as such manufacturer is not a public service corporation as defined in § 56-1 that recovers its costs pursuant to § 56-585.1.

"Clean energy products" means the equipment, services, goods, systems, and related functions produced by a clean energy manufacturer.

"Eligible entity" means any clean energy manufacturer meeting the requirements of subsection B.

"Fund" means the Clean Energy Manufacturing Incentive Grant Fund established pursuant to § 45.1-392.1.

"Memorandum of understanding" means an agreement among an eligible entity, the Director, and the Authority setting forth the requirements for capital investment; the creation of new full-time jobs; and the amount and duration of the grant payments.

"Renewable energy" means energy derived from sunlight, wind, falling water, sustainable biomass, wave motion, tides, and municipal solid waste. Renewable energy does not mean energy derived from coal, oil, natural gas, or nuclear power.

B. Any clean energy manufacturer shall be eligible to receive a clean energy manufacturing grant for up to six years if it: (i) commences or expands operations in the Commonwealth on or after January 1, 2010; (ii) makes a capital investment in the Commonwealth on or after January 1, 2010, in an amount greater than \$50 million in real and tangible personal property related to the manufacture or assembly of clean energy products; (iii) creates at least 200 full-time jobs in the Commonwealth related to the manufacture or assembly of clean energy products; and (iv) enters into a memorandum of understanding with the Director and the Authority setting forth the requirements for capital investment and the creation of new full-time jobs. Notwithstanding clauses (ii) and (iii), the Governor may reduce the capital investment and job creation thresholds if the eligible entity of such development is located in a locality with an unemployment rate that is at least 1.25 times the state average.

C. The grants shall be paid from the Fund subject to appropriation, and the aggregate amount of grants awarded and outstanding at any time shall not exceed \$36 million. The Director, with the assistance of the Authority, shall conduct a return on investment analysis to determine the amount and duration of grant payments before entering into a memorandum of understanding.

D. Any eligible entity shall provide an annual report to the Director, in a form approved by and satisfactory to him, detailing clean energy product operations in the Commonwealth. The report shall be submitted no later than March 31 for the previous calendar year and, at the discretion of the Director

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59 or as stated in the memorandum of understanding, failure to meet the filing deadline shall render the
60 applicant ineligible to receive a grant for that year. The U.S. Postal Service postmark cancellation shall
61 govern the date of filing determination unless the Director has approved an alternative means of filing.

62 E. The Director may inspect the records, books, and other applicable documents and evidence to
63 verify whether the clean energy manufacturer meets the requirements for eligibility set forth in this
64 section and the memorandum of understanding.

65 F. The Director shall allocate moneys from the Fund in the following order of priority: (i) unpaid
66 grant amounts carried forward from prior years because eligible entities did not receive the full amount
67 of any grant to which they were eligible in a prior year and (ii) other eligible entities. If the moneys
68 available for grant payments in the Fund are less than the amount of grants to which eligible entities
69 are eligible, the moneys shall be apportioned pro rata among eligible entities, based upon the amount of
70 the grant to which an eligible entity is eligible and the amount of money in the Fund available for
71 allocation to such eligible entities.

72 G. If an entity is allocated less than the full amount of a grant to which it is eligible in any year, it
73 shall not be eligible for the deficiency in that year, but the unpaid portion of the grant to which it was
74 eligible shall be carried forward by the Director to the following year, during which it shall be in the
75 first class of priority as provided in clause (i) of subsection F.

76 H. Actions of the Department or the Authority relating to the allocation and awarding of grants
77 under this section shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et
78 seq.) pursuant to subdivision B 4 of § 2.2-4002.

79 **2. That § 45.1-392 of the Code of Virginia is repealed.**

80 **3. That the Department of Mines, Minerals and Energy and the Virginia Economic Development**
81 **Partnership Authority shall assist the Secretary of Commerce and Trade to develop guidelines to**
82 **implement the provisions of this act and present such guidelines to the Chairmen of the**
83 **Senate Finance and House Appropriations Committees. The guidelines shall be exempt from the**
84 **Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia).**

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