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HOUSE BILL NO. 1898

Offered January 14, 2015

Prefiled January 13, 2015

A BILL to amend the Code of Virginia by adding in Title 59.1 a chapter numbered 22.9, consisting of a section numbered 59.1-284.28, relating to economic development performance grants for manufacturers of pulp, paper, and fertilizer products.

Patrons—Cox and Mason

Referred to Committee on Appropriations

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 22.9, consisting of a section numbered 59.1-284.28, as follows:

CHAPTER 22.9.**PULP, PAPER, AND FERTILIZER ADVANCED MANUFACTURING PERFORMANCE GRANT PROGRAM.**

§ 59.1-284.28. Pulp, Paper, and Fertilizer Advanced Manufacturing Performance Grant Program and Fund.

A. As used in this section:

"Capital investment" means an investment in real property, tangible personal property, or both, made or caused to be made by a qualified entity in a facility.

"Eligible county" means Chesterfield County.

"Facility" means any facility that, pursuant to a memorandum of understanding, is to be owned or leased by the qualified entity and operated by the qualified entity for the manipulation and manufacture of pulp, paper, and fertilizer products.

"Grant" means an installment of the pulp, paper, and fertilizer advanced manufacturing performance grant paid in a particular fiscal year as described in this section.

"Memorandum of understanding" means a performance agreement to be entered into by July 31, 2015, by a qualified entity and the Commonwealth setting forth the requirements for capital investment, the creation of new full-time jobs, and other criteria that will make the qualified entity eligible for grants under this section.

"New full-time job" means employment of an indefinite duration in a facility, for which the average annual wage is at least equal to the prevailing average annual wage in an eligible county and for which the standard fringe benefits are provided by the qualified entity, requiring a minimum of either (i) 35 hours of an employee's time per week for the entire normal year of such qualified entity'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 entity, may be considered new full-time jobs if designated as such in the memorandum of understanding.

"Qualified entity" means a for-profit corporation or other entity that is or will be engaged in the manipulation and manufacture of pulp, paper, and fertilizer products and that will commit itself in the memorandum of understanding to (i) make or cause to be made a new capital investment of at least \$2 billion on or after July 1, 2014, at a facility; (ii) create or cause to be created, on or after July 1, 2014, at least 2,000 new full-time jobs related to the qualified entity's operations; and (iii) meet the other criteria set forth in the memorandum of understanding.

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

B. 1. Any qualified entity shall be eligible to receive a grant each fiscal year beginning with the Commonwealth's fiscal year starting on July 1, 2016, and ending with the Commonwealth's fiscal year starting on July 1, 2022, unless such time frame is extended in accordance with this section. The grants under this section (i) shall be paid, subject to appropriation by the General Assembly, from a nonreverting fund entitled the Pulp, Paper, and Fertilizer Advanced Manufacturing Performance Grant Program Fund, which Fund is hereby established on the books of the Comptroller; (ii) shall not exceed \$20 million in the aggregate; (iii) shall be paid to a qualified entity during each fiscal year contingent upon the qualified entity's meeting the requirements for the creation of new full-time jobs, new capital investment, and other criteria set forth in the memorandum of understanding; and (iv) shall be expended by or for the benefit of the qualified entity on the costs of developing a facility or establishing or

INTRODUCED

HB1898

59 maintaining the qualified entity's operations.

60 2. The amount of the grant to be paid in each fiscal year shall be conditioned upon the qualified
61 entity's meeting the requirements for (i) the aggregate number of new full-time jobs created throughout
62 the calendar year that immediately precedes the beginning of such fiscal year, (ii) the aggregate amount
63 of the capital investment made throughout the calendar year that immediately precedes the beginning of
64 such fiscal year, and (iii) other criteria described in the memorandum of understanding. If the qualified
65 entity has not met the grant requirements set forth in the memorandum of understanding by December
66 31, 2020, the period of eligibility may be extended for up to three years, provided that the grants paid
67 in any given fiscal year shall not exceed \$3 million, plus any amounts deferred in accordance with
68 subsection C or D. Grants shall be paid based upon such requirements as agreed to on or before July
69 31, 2015, regardless if such memorandum of understanding is later modified, amended, superseded, or
70 otherwise changed.

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

73 a. \$2 million for the Commonwealth's fiscal year beginning July 1, 2016;

74 b. \$5 million, less the total amount of grants previously awarded pursuant to this subsection, for the
75 Commonwealth's fiscal year beginning July 1, 2017;

76 c. \$8 million, less the total amount of grants previously awarded pursuant to this subsection, for the
77 Commonwealth's fiscal year beginning July 1, 2018;

78 d. \$11 million, less the total amount of grants previously awarded pursuant to this subsection, for
79 the Commonwealth's fiscal year beginning July 1, 2019;

80 e. \$14 million, less the total amount of grants previously awarded pursuant to this subsection, for the
81 Commonwealth's fiscal year beginning July 1, 2020;

82 f. \$17 million, less the total amount of grants previously awarded pursuant to this subsection, for the
83 Commonwealth's fiscal year beginning July 1, 2021; and

84 g. \$20 million, less the total amount of grants previously awarded pursuant to this subsection, for
85 the Commonwealth's fiscal year beginning July 1, 2022.

86 C. Any qualified entity applying for a grant under this section shall provide evidence, satisfactory to
87 the Secretary, of (i) the aggregate number of new full-time jobs created and the substantial retention of
88 the same throughout the calendar year that immediately precedes the fiscal year in which the grant is to
89 be paid, (ii) the aggregate amount of the capital investment made and substantially retained as of the
90 last day of the calendar year that immediately precedes the fiscal year in which the grant is to be paid,
91 and (iii) progress toward meeting all other requirements described in the memorandum of
92 understanding. The application and evidence shall be filed with the Secretary in person or by mail no
93 later than April 1 of each year following the calendar year in which the qualified entity meets such
94 aggregate new full-time job requirements, aggregate capital investments, and other requirements
95 described in the memorandum of understanding. Failure to meet the filing deadline shall result in a
96 deferral of a scheduled grant payment set forth in subsection B. For filings by mail, the postmark
97 cancellation shall govern the date of the filing determination.

98 D. The memorandum of understanding may provide that if a grant payment has been deferred for
99 any reason, including any failure to meet the aggregate capital investment or the aggregate new
100 full-time job requirements or any other requirement set forth in the memorandum of understanding,
101 payment in a subsequent fiscal year for which such requirements have been met for the immediately
102 preceding calendar year (i) shall include both the deferred payment and the scheduled grant payment as
103 provided in subsection B or (ii) that a proportional payment be made, based on the proportional share
104 of the required capital investment, new additional full-time jobs, or other applicable criteria.

105 E. As a condition of receipt of a grant, a qualified entity shall make available to the Secretary for
106 inspection upon his request relevant and applicable documents to determine whether the qualified entity
107 has met the requirements for the receipt of grants as set forth in this section and the memorandum of
108 understanding. The Comptroller shall not draw any warrants to issue checks for the grant program
109 under this section without a specific appropriation for the same. All such documents appropriately
110 identified by the qualified entity shall be considered confidential and proprietary.