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HOUSE BILL NO. 2021

Offered January 9, 2019

Prefiled January 7, 2019

A BILL to amend and reenact §§ 2.2-5101 and 2.2-5102.1 of the Code of Virginia, relating to Virginia Investment Partnership Act; Virginia Investment Performance Grants; Virginia Economic Development Incentive Grants; reauthorization.

Patrons—James, Aird, Bagby, Carr, Delaney, Filler-Corn, Heretick, Hope, Kory, Krizek, Levine, Lopez, McQuinn, Murphy, Reid, Sickles, Simon, Torian, Tyler and Ward

Referred to Committee on Appropriations

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-5101 and 2.2-5102.1 of the Code of Virginia are amended and reenacted as follows:

§ 2.2-5101. Virginia Investment Performance Grants.

A. Subject to the appropriation by the General Assembly of sufficient moneys to the Investment Performance Grant subfund, any eligible manufacturer or research and development service that is not eligible for a major eligible employer grant under § 2.2-5102 shall be eligible for an investment performance grant as provided in this section.

B. The Partnership shall establish an application process by which eligible manufacturers and research and development services may apply for a grant under this section. An application for a grant under this section shall not be approved until the Partnership has verified that the capital investment has been completed.

C. The amount of the investment performance grant that an eligible manufacturer or research and development service shall be eligible to receive under this section shall be determined by the Secretary, based on the recommendation of the Partnership, and contingent upon approval by the Governor. The determination of the appropriate amount of an investment performance grant shall be based on the application of guidelines that establish criteria for correlating the amount of a grant to the relative value to the Commonwealth of the eligible investment.

D. The Partnership shall assist the Secretary in developing objective guidelines that shall be used in awarding investment performance grants. No grant shall be awarded until the Secretary has provided copies of such guidelines for review to the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance. The preparation of the guidelines shall be exempt from the requirements of Article 2 (§ 2.2-4006 et seq.) of the Administrative Process Act. The guidelines shall require determinations regarding the amount of investment performance grants to address:

1. The number of new jobs created by the capital investment;

2. The wages paid for the new jobs and the amount by which wages exceed the average manufacturing wage for the locality or region;

3. The extent to which the capital investment produces (i) measurable increases in capacity, productivity, or both; (ii) measurable decreases in the production of flawed product; or (iii) measurable advances in knowledge, research, or the application of research findings for the creation of new or significantly improved products or processes that support manufacturing;

4. The amount of the capital investment;

5. The net present value of benefits to Virginia;

6. The amount of other incentives offered by the Commonwealth and the locality; and

7. The importance of the manufacturing or research and development facility to the economy of the locality or region.

The guidelines shall also address the eligibility of manufacturers or research and development services that make a capital investment in phases over a period of years, and limits on eligibility for multiple grants by the same manufacturer or research and development service within stated periods of time.

E. The amount of an investment performance grant to any eligible manufacturer under this section shall not exceed \$3 million or 10 percent of the amount appropriated by the General Assembly to the Investment Performance Grant subfund in the year that the terms of a grant are determined. For all eligible projects awarded grants on or after July 1, 2005, and before July 1, 2009, the amount of an investment performance grant to any recipient under this section shall not exceed \$1.5 million. For eligible projects awarded grants on or after July 1, 2009, the amount of an investment performance grant to any recipient under this section shall not exceed \$3 million, except for eligible projects that demonstrate extraordinary characteristics described in guidelines implementing this chapter the amount of

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58 an investment performance grant to any such recipient under this section shall not exceed \$5 million.

59 F. For all eligible projects awarded grants before July 1, 2005, the aggregate amount of investment
60 performance grants approved under this section in any year shall not exceed \$6 million, and the
61 aggregate amount of grants outstanding to all eligible manufacturers under this section for all years shall
62 at no time exceed \$30 million. For all such grants awarded prior to that date, the annual obligations of
63 the Commonwealth to make grant payments to individual eligible manufacturers under this section shall
64 not exceed \$600,000. For all eligible projects awarded grants on or after July 1, 2005, and before July
65 1, 2009, the aggregate amount of investment performance grants approved under this section in any year
66 shall not exceed \$3 million, and the aggregate amount of such grants awarded after that date and
67 outstanding at any time shall not exceed \$15 million. For all such grants awarded on or after that date,
68 the annual obligations of the Commonwealth to make grant payments to individual recipients under this
69 section shall not exceed \$300,000. For all eligible projects awarded grants on or after July 1, 2009, and
70 before July 1, 2015, the aggregate amount of investment performance grants approved under this section
71 in any year shall not exceed \$6 million, and the aggregate amount of such grants awarded on or after
72 July 1, 2009, and before July 1, 2015, and outstanding at any time shall not exceed \$30 million. For all
73 such grants awarded on or after July 1, 2009, and before July 1, 2015, the annual obligations of the
74 Commonwealth to make grant payments to individual recipients under this section shall not exceed \$1
75 million. For all eligible projects awarded grants on or after July 1, 2015, *but before July 1, 2019*, the
76 aggregate amount of investment performance grants approved under this section in any year shall not
77 exceed \$6 million, and the aggregate amount of such grants awarded on or after July 1, 2015, *but before*
78 *July 1, 2019*, and outstanding at any time shall not exceed \$20 million. For all such grants awarded on
79 or after July 1, 2015, *but before July 1, 2019*, the annual obligations of the Commonwealth to make
80 grant payments to individual recipients under this section shall not exceed \$1 million. *For all eligible*
81 *projects awarded grants on or after July 1, 2019, the aggregate amount of investment performance*
82 *grants approved under this section in any year shall not exceed \$4 million, and the aggregate amount of*
83 *such grants awarded on or after July 1, 2019, and outstanding at any time shall not exceed \$20 million.*
84 *For all such grants awarded on or after July 1, 2019, the annual obligations of the Commonwealth to*
85 *make grant payments to individual recipients under this section shall not exceed \$1 million.*

86 G. Any eligible manufacturer or research and development service shall be eligible to receive a grant
87 from the Fund in five equal installments beginning in the third year after the capital investment is
88 completed and the Partnership has verified that the requirements applicable to such grant have been
89 satisfied. Any eligible manufacturer or research and development service located in a fiscally distressed
90 area of the State, as defined in the guidelines implementing this chapter, shall be eligible to begin
91 receiving grants in the second year after the capital investment is completed and verified.

92 **§ 2.2-5102.1. Virginia Economic Development Incentive Grants.**

93 A. Subject to the appropriation by the General Assembly of sufficient moneys to the Economic
94 Development Incentive Grant subfund, any eligible company that meets the requirements of this section
95 and is not awarded a grant under § 2.2-5101 or 2.2-5102 for the same project shall be eligible to apply
96 for an economic development incentive grant as provided in this section.

97 B. The Partnership shall establish an application process by which eligible companies may apply for
98 a grant under this section. An application for a grant under this section shall not be approved for
99 payment until the Partnership has verified that the applicable requirements of the memorandum of
100 agreement have been satisfied.

101 C. The amount of the economic development incentive grant that an eligible company may receive
102 under this section shall be determined at the sole discretion of the Governor based on the
103 recommendation of the Secretary. The determination of the appropriate amount for an economic
104 development incentive grant shall be based on the application of guidelines that establish criteria for
105 correlating the amount of a grant to the relative value to the Commonwealth of the new investment and
106 employment.

107 D. The Partnership shall assist the Secretary in developing objective guidelines that shall be used in
108 awarding economic development incentive grants. No grant shall be awarded until the Secretary has
109 provided copies of such guidelines for review to the chairmen of the House Committee on
110 Appropriations and the Senate Committee on Finance. The preparation of the guidelines shall be exempt
111 from the requirements of Article 2 (§ 2.2-4006 et seq.) of the Administrative Process Act (§ 2.2-4000 et
112 seq.). The guidelines shall require determinations regarding the amount of investment performance grants
113 to address:

- 114 1. The number of new jobs created by the capital investment;
- 115 2. The wages paid for the new jobs and the amount by which wages exceed the average wage for the
116 locality or region;
- 117 3. The amount of the capital investment;
- 118 4. The net present value of benefits to Virginia;
- 119 5. The amount of other incentives offered by the Commonwealth and the locality; and

120 6. The importance of the facility to the economy of the locality or region.
121 The guidelines shall also address the eligibility of companies that make a capital investment in
122 phases over a period of years, and limits on eligibility for multiple grants by the same company within
123 stated periods of time.

124 E. For eligible projects awarded grants prior to July 1, 2010, the aggregate amount of economic
125 development incentive grants payable under this section in any fiscal year shall not exceed \$6 million,
126 and the aggregate amount of such grants outstanding that were awarded prior to July 1, 2010, shall not
127 exceed \$30 million. For eligible projects awarded grants on or after July 1, 2010, *but before July 1,*
128 *2019,* the aggregate amount of economic development incentive grants payable under this section in any
129 fiscal year shall not exceed \$6 million and the aggregate amount of such grants outstanding on or after
130 July 1, 2010, *but before July 1, 2019,* shall not exceed \$30 million. *For eligible projects awarded grants*
131 *on or after July 1, 2019, the aggregate amount of economic development incentive grants payable under*
132 *this section in any fiscal year shall not exceed \$6 million and the aggregate amount of such grants*
133 *outstanding on or after July 1, 2019, shall not exceed \$30 million.*

134 F. Any eligible company shall be eligible to receive a grant from the Fund in no fewer than five
135 installments beginning in the third year after the Partnership has verified that the requirements applicable
136 to such grant have been satisfied. All such terms shall be negotiated and set forth in a memorandum of
137 agreement.

138 G. The Comptroller shall not draw any warrants to issue checks for grants under this chapter without
139 a specific legislative appropriation as specified in conditions and restrictions on expenditures in the
140 appropriation act. The payment of any grant under this section shall be in accordance with the terms and
141 conditions set forth in a memorandum of agreement between a major eligible employer and the
142 Commonwealth. These terms and conditions shall supplement the provisions of this chapter and shall
143 include but not be limited to the terms of the payment of the grant. The payment of the grant shall be
144 made in full or in proportion to a major eligible employer's fulfillment of the terms of the memorandum
145 of agreement.