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HOUSE BILL NO. 1002

Offered January 8, 2020

Prefiled January 7, 2020

A BILL to amend and reenact §§ 3.2-303 and 3.2-304 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 3.1 of Title 3.2 a section numbered 3.2-310, relating to Agriculture and Forestry Industries Development Planning Grant Program.

Patrons—Guzman and Rasoul; Senator: Morrissey

Referred to Committee on Agriculture, Chesapeake and Natural Resources

Be it enacted by the General Assembly of Virginia:

1. That §§ 3.2-303 and 3.2-304 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 3.1 of Title 3.2 a section numbered 3.2-310 as follows:

§ 3.2-303. Definitions.

A. As used in this chapter, unless the context requires a different meaning:

"Agricultural products" means crops, livestock, and livestock products, including field crops, fruits, vegetables, horticultural specialties, cattle, sheep, hogs, goats, horses, poultry, fur-bearing animals, milk, eggs, aquaculture, commercially harvested wild fish, commercially harvested wild shellfish, and furs.

"Agriculture and forestry processing/value-added facilities" means any for-profit or nonprofit business that creates value-added agricultural or forestal products.

"Forestal products" means saw timber, pulpwood, posts, firewood, Christmas trees, and other tree and wood products for sale or for farm use.

"Fund" means the Governor's Agriculture and Forestry Industries Development Fund established pursuant to § 3.2-304.

"New job" means employment of an indefinite duration, created as the direct result of the private investment, for which the firm pays the wages and standard fringe benefits for its employee, requiring a minimum of either (i) 35 hours of the employee's time a week for the entire normal year of the firm's operations, which "normal year" shall consist of at least 48 weeks, or (ii) 1,680 hours per year. Seasonal or temporary positions, positions created when a job function is shifted from an existing location in the Commonwealth to the location of the economic development project, positions with suppliers, and multiplier or spin-off jobs shall not qualify as new jobs. The term "new job" shall include positions with contractors provided that all requirements included within the definition of the term are met.

"Prevailing average wage" means that amount determined by the Virginia Employment Commission to be the average wage paid workers in the city or county of the Commonwealth where the economic development project is located. The prevailing average wage shall be determined without regard to any fringe benefits.

"Private investment" means the private investment required under this chapter.

"Program" means the Agriculture and Forestry Industries Development Planning Grant Program established pursuant to § 3.2-310.

"Value-added agricultural or forestal products" means any agricultural or forestal product that (i) has undergone a change in physical state; (ii) was produced in a manner that enhances the value of the agricultural commodity or product; (iii) is physically segregated in a manner that results in the enhancement of the value of the agricultural or forestal product; (iv) is a source of renewable energy; or (v) is aggregated and marketed as a locally produced agricultural or forestal product.

§ 3.2-304. Governor's Agriculture and Forestry Industries Development Fund established; purpose; use of funds.

A. There is hereby created in the state treasury a nonreverting fund to be known as the Governor's Agriculture and Forestry Industries Development Fund (the Fund) to be used by the Governor to attract new and expanding agriculture and forestry processing/value-added facilities using Virginia-grown products. 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. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller. 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 chapter.

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59 B. Funds shall be awarded from the Fund by the Governor as grants or loans to political
60 subdivisions. The criteria for making such grants or loans shall include (i) ~~amount~~ *number* of jobs
61 expected to be created, (ii) anticipated amount of private capital investment, (iii) ~~anticipated~~ additional
62 state tax revenue expected to accrue to the state and affected localities as a result of the capital
63 investment and jobs created, (iv) anticipated amount of Virginia-grown agricultural and forestal products
64 used by the project, (v) projected impact on agricultural and forestal producers, (vi) a return on
65 investment analysis to determine the appropriate size of any grant or loan, and (vii) an analysis of the
66 impact on competing businesses already located in the area.

67 C. Funds may be used for public and private utility extension or capacity development on and off
68 site; public and private installation, extension, or capacity development of high-speed or broadband
69 Internet access, whether on or off site; road, rail, or other transportation access costs beyond the funding
70 capability of existing programs; site acquisition; grading, drainage, paving, and any other activity
71 required to prepare a site for construction; construction or build-out of publicly or privately owned
72 buildings; training; or grants or loans to an industrial development authority, housing and redevelopment
73 authority, or other political subdivision for purposes directly relating to any of the foregoing. However,
74 in no case shall funds from the Fund be used, directly or indirectly, to pay or guarantee the payment for
75 any rental, lease, license, or other contractual right to the use of any property.

76 D. *Funds may be used for grants to political subdivisions through the Agriculture and Forestry*
77 *Industries Development Planning Grant Program pursuant to § 3.2-310.*

78 E. Moneys in the Fund shall not be used for any economic development project in which a business
79 relocates or expands its operations in one or more Virginia localities and simultaneously closes its
80 operations or substantially reduces the number of its employees in another Virginia locality. The
81 Secretary of Agriculture and Forestry shall enforce this policy and for any exception thereto shall
82 promptly provide written notice to the Chairmen of the Senate Finance and House Appropriations
83 Committees, which notice shall include a justification for any exception to such policy.

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

90 **§ 3.2-310. Agriculture and Forestry Industries Development Planning Grant Program.**

91 A. *The Governor may award grants from the Fund for the Agriculture and Forestry Industries*
92 *Development Planning Grant Program to encourage efforts by political subdivisions to support*
93 *agriculture and forestry.*

94 B. *Any funds awarded by the Governor pursuant to this section shall be awarded as reimbursable*
95 *grants to political subdivisions.*

96 C. *The Secretary of Agriculture and Forestry shall develop guidelines for the Program and*
97 *administer the Program on behalf of the Governor. Such guidelines shall (i) include a requirement that*
98 *any political subdivision applying for a grant provide matching funds and (ii) state the criteria the*
99 *Governor will use in evaluating any grant application submitted pursuant to this section. Such*
100 *guidelines may (a) allow contributions to a project by certain specified entities, such as a nonprofit*
101 *organization or charitable foundation, to count as eligible local matching funds and (b) accept a*
102 *reduced match requirement for an economically distressed locality applying for an award.*