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SENATE BILL NO. 639

Offered January 8, 2020

Prefiled January 7, 2020

A *BILL to amend and reenact §§ 2.2-2484 and 2.2-2489 of the Code of Virginia, relating to Virginia Growth and Opportunity Fund; regional grant awards.*

Patron—Surovell

Referred to Committee on Finance and Appropriations

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-2484 and 2.2-2489 of the Code of Virginia are amended and reenacted as follows:

§ 2.2-2484. Definitions.

As used in this article, unless the context requires a different meaning:

"Board" means the Virginia Growth and Opportunity Board.

"Fund" means the Virginia Growth and Opportunity Fund.

"Opportunity zone" means an area of the Commonwealth designated as a qualified opportunity zone by the U.S. Secretary of Treasury via his delegation of authority to the Internal Revenue Service.

"Qualifying region" means a region with a regional council.

"Region" means one or more planning districts or otherwise defined areas designated as a region by the Board for the purpose of administering grants provided pursuant to this article.

"Regional activity" means an economic or workforce development-focused collaborative project or program that is (i) endorsed by a regional council, (ii) consistent with the economic growth and diversification plan developed by the regional council, and (iii) carried out, performed on behalf of, or contracted for by two or more localities, political subdivisions, or public bodies corporate and politic within a region.

"Regional council" means a public body certified by the Board as eligible to receive grants pursuant to this article and that is supported by or affiliated with an existing or newly established organization that engages in collaborative planning or execution of economic or workforce development activities within a region.

§ 2.2-2489. Award of grants to regional councils.

A. The Board shall establish guidelines, procedures, and objective criteria for the award and distribution of grants from the Fund to regional councils.

B. In order to qualify to receive grants from the Fund, a regional council shall develop an economic growth and diversification plan to (i) promote private-sector growth and opportunity in the region; (ii) identify issues of economic competitiveness for the region, including gaps in education and skills required to meet existing and prospective employer needs within the region; and (iii) outline steps that the collaborating business, education, and government entities in the region will pursue to expand economic opportunity, diversify the economy, and align workforce development activities with the education and skills needed by employers in the region. A regional council shall review such plan not less than biennially while the regional council is receiving grants from the Fund.

C. The Board shall only consider those regional activities endorsed by a regional council in its application for grants from the Fund. For any regional activity included in a regional council's application, the regional council shall identify (i) the amount of grants requested and the number of years for which grants are sought; (ii) the participating business, education, and government entities and their respective roles and contributions; (iii) the private, local, and other sources of nonstate funding that the grant from the Fund will assist in generating, including specific amounts pledged by such sources as of the application date; (iv) how the regional activity addresses the skills gaps identified in the council's economic growth and diversification plan; and (v) the economic impact or other outcomes that are reasonably expected to result from the proposed regional activity, including timetables and means of measurement.

D. Regional activities eligible for grants from the Fund shall be focused on high-impact, collaborative projects in a region that promote new job creation, entrepreneurship, and new capital investment; leverage nonstate resources to enhance collaboration; foster research, development, and commercialization activities; encourage cooperation among public bodies to reduce costs and duplication of government services; and promote other economic or workforce development activities consistent with this article that are authorized by the Board. The Board shall give initial priority to grant proposals that promote workforce development and other activities focused on eliminating skills gaps identified in a region's economic growth and diversification plan.

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SB639

59 E. In determining a regional council's eligibility to receive grants from the Fund, and the amount of
60 such grants, the Board shall review and score the proposed regional activities. Scores shall be assigned
61 on the basis of predetermined criteria established by the Board in its guidelines and procedures based on
62 the following factors:

63 1. The expected economic impact or outcome of the activity, with particular emphasis on goals
64 identified in the regional council's plan for economic growth and diversification;

65 2. The fiscal resources from non-Fund sources that will be committed to the activity, including local
66 or federal funds, private contributions, and cost savings expected to be achieved through regional
67 collaboration;

68 3. The number and percentage of localities, including political subdivisions and bodies corporate and
69 politic, within the region that are participating in the activity, the portion of the region's population
70 represented by the participating localities, and the participation of localities that are outside of the
71 applicant region;

72 4. The compatibility with other projects, programs, or existing infrastructure in a region to maximize
73 the leverage of grants from the Fund to encourage new collaborative activities;

74 5. The expected economic impact and outcomes of the project and the complexity of the project
75 relative to the size of the economy of the region or to the population of the participating localities;

76 6. The projected cost savings and other efficiencies generated by the proposed activity, and the local
77 resources generated by collaboration that have been or will be repurposed to support the activity;

78 7. The character of the regional collaboration, including the nature and extent of the regional effort
79 involved in developing and implementing the proposed activity, the complexity of the activity, the
80 prospective impact on relations between and among the affected localities, and the prospective impact on
81 collaboration between and among business, education, and government entities in the region;

82 8. Interstate, inter-regional, and other beneficial forms of collaboration, if any, that will accompany,
83 result from, or be encouraged by the activity;

84 9. Efficiency in the administration and oversight of regional activities; and

85 10. Other factors deemed to be appropriate by the Board.

86 F. Each regional council awarded a grant from the Fund shall issue an annual report that shall
87 include, at a minimum, an assessment of the impact and outcomes from regional activities supported by
88 grants from the Fund and the region's overall progress in addressing the goals and strategies identified in
89 the region's plan for economic growth and diversification. Such assessment shall address performance
90 criteria prescribed in the program guidelines and procedures.

91 G. Subject to the provisions of § 2.2-2488 and this section, once a regional council becomes eligible
92 for grants from the Fund, the regional council may continue to apply for and receive grants from the
93 Fund to support economic activities consistent with the regional council's economic growth and
94 diversification plan in such amounts and for such duration as the Board may determine in accordance
95 with its guidelines and procedures. The Board may terminate any payments to regional councils that fail
96 to perform in accordance with this article, the Board's guidelines or procedures, or any conditions
97 expressly agreed upon as part of a grant award, or for malfeasance. The Board may require the refund
98 of moneys from the Fund upon such termination. Grants that are terminated shall revert to the Fund for
99 distribution on an unallocated competitive basis.

100 H. In making Fund recommendations and awards, the Board may consider regional activities that
101 commenced prior to the enactment of this article, provided that the grant-funded program or project will
102 expand the scope of, or increase the number of localities participating in, such preexisting activity.

103 I. No regional council may have outstanding grant commitments of more than 25 percent of the total
104 amount appropriated to the Fund.

105 J. *At least 25 percent of grant payments received by a regional council shall be used to support the*
106 *creation of jobs in qualified opportunity zones in the region.*

107 K. The year for grant payments shall be the Commonwealth's fiscal year following the calendar year
108 in which the region qualifies, with payments made annually by the Comptroller upon certification by the
109 Board. Grant amounts shall be made at the sole discretion of the Board.

110 ~~K.~~ L. Any grant awarded from the Fund to a regional council shall require matching funds at least
111 equal to the grant, provided, however, that the Board shall have the authority to reduce the match
112 requirement to no less than half of the grant upon a finding by the Board of fiscal distress or an
113 exceptional economic opportunity in a region. Such matching funds may be from local, regional, federal,
114 or private funds, but shall not include any state general or nongeneral funds, from whatever source.

115 ~~L.~~ M. Decisions of the Board shall be final and not subject to review or appeal.