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SENATE BILL NO. 253

Offered January 18, 1996

A BILL to amend the Code of Virginia by adding in Title 59.1 a chapter numbered 22.3, consisting of a section numbered 59.1-284.13, relating to an incentive grant program to encourage the manufacturing of semiconductor memory or logic wafers.

Patrons—Colgan, Barry, Chichester, Gartlan and Waddell; Delegates: Almand, Brickley, Callahan, Dillard, Harris, Parrish, Plum, Puller, Rollison, Scott and Van Landingham

Referred to the Committee on Finance

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 22.3, consisting of a section numbered 59.1-284.13, as follows:

CHAPTER 22.3.

SEMICONDUCTOR MANUFACTURING PERFORMANCE GRANT PROGRAMS.

§ 59.1-284.13. Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program.

A. As used in this section:

"Cumulative investment" means the total investment made by a qualified manufacturer in an eligible city since the beginning of construction of a wafer manufacturing facility.

"Eligible city" means any Virginia city having a population of no less than 27,500 and no more than 28,500.

"Manufactures wafers" means manufacturing wafers in an eligible city, and includes on-site processing that increases the value of wafers by transforming raw wafers into semiconductor memory or logic wafers.

"Qualified manufacturer" means any manufacturer of semiconductor products who (i) has made a cumulative investment of at least one billion dollars in buildings and equipment located in an eligible city and (ii) manufactures wafers in that eligible city.

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

"Wafer" means a semiconductor memory or logic wafer. A wafer containing mixed memory and logic circuits shall be considered a logic wafer.

B. Beginning five years after the commencement of manufacture of wafers in an eligible city, any qualified manufacturer shall be entitled to receive an annual semiconductor memory or logic wafer manufacturing performance grant in the amount of \$100 per memory wafer and \$250 per logic wafer based upon its manufacture of wafers in that city and sale of those wafers. A qualified manufacturer shall be entitled to receive annual grants under this section for a period of five years following the date its initial application for a grant is filed under subsection E, except as provided in subsection C. The grants under this section (i) shall be paid from a fund entitled the Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Fund and (ii) shall not exceed in total the amounts specified in this subsection which will be based upon the cumulative investment made by the qualified manufacturer by the dates specified below:

Cumulative Investment	Eligible Investment Period	Eligible Grant Period	Cumulative Value of Grants
\$1 billion	by December 31, 1998	January 1, 2003, through December 31, 2007	\$18,600,000
\$2.5 billion	by December 31, 2002	January 1, 2007, through December 31, 2011	\$30,400,000
\$4 billion	by December 31, 2005	January 1, 2010, through December 31, 2014	\$38,400,000

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58 C. Any qualified manufacturer who makes (i) a cumulative investment of at least \$1 billion, but less
59 than \$2.5 billion, shall be entitled to receive an annual grant payment of up to \$3,720,000, but the
60 cumulative total of such grants shall not exceed \$18.6 million; (ii) a cumulative investment of at least
61 \$2.5 billion, but less than \$4 billion, shall be entitled to receive an annual grant payment of up to
62 \$6,080,000, but the cumulative total of such grants shall not exceed \$30.4 million; or (iii) a cumulative
63 investment of \$4 billion or more shall be entitled to receive an annual grant payment of up to
64 \$7,680,000, but the cumulative total of such grants shall not exceed \$38.4 million. If any qualified
65 manufacturer, after having made the initial \$1 billion cumulative investment, achieves a higher
66 cumulative investment level as shown in the schedule in subsection B earlier than the dates specified in
67 that subsection, that qualified manufacturer shall immediately become eligible to receive the increased
68 performance grant amount, if the initial five-year period from the beginning of manufacture of wafers
69 has expired. In addition, after having made any higher investment level above the initial \$1 billion, the
70 qualified manufacturer shall have through the last date shown in the eligible grant period to earn the
71 full amount of the corresponding cumulative value of the performance grant. Under no circumstances
72 shall any qualified manufacturer be eligible to receive more than \$38.4 million in grants during the
73 duration of the program.

74 D. If the value of applications for grants under this section for wafers manufactured and sold
75 exceeds one-fifth of the cumulative value in the schedule listed in subsection B for a particular calendar
76 year, each qualified manufacturer's grant for that year shall equal the amount of the grant to which the
77 qualified manufacturer would be entitled absent the provisions of this subsection times a fraction. The
78 numerator of that fraction shall equal one-fifth of the cumulative value in the schedule listed in
79 subsection B, and the denominator shall equal the aggregate dollar amount of grants to which all
80 qualified manufacturers would be entitled absent this subsection.

81 E. Any qualified manufacturer entitled to receive a grant under this section shall apply for the grant
82 and provide evidence, satisfactory to the Secretary, of the number of wafers manufactured by it in an
83 eligible city, the number of wafers which were sold, and the amount of cumulative investment made by
84 the qualified manufacturer. The application and the evidence shall be filed with the Secretary in person
85 or by mail no later than March 31, or such later date determined by the Secretary in his sole discretion,
86 each year of the program following the year which the wafers were sold. Failure to meet the application
87 filing deadline shall render the qualified manufacturer ineligible to receive a grant for the wafers it
88 manufactured and sold. For filings by mail, the postmark cancellation shall govern the date of the filing
89 determination.

90 F. Within ninety days after the filing deadline established in subsection E, the Secretary shall certify
91 to (i) the Comptroller and (ii) each qualified manufacturer the amount of the grant to which each
92 qualified manufacturer is entitled under this section. Payment of such grant to any qualified
93 manufacturer shall be made by check issued by the Treasurer of Virginia on warrant of the Comptroller
94 within sixty days after the Secretary's certification.

95 G. The Secretary, upon presenting appropriate credentials, may examine the records, books, invoices,
96 bills of lading, and other applicable documents to determine whether the manufacturing and sale of the
97 wafers meets the requirements for the receipt of grants as set forth in this section.