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SENATE BILL NO. 253

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance
on February 8, 1996)

(Patron Prior to Substitute—Senator Colgan)

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.

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 in buildings and equipment 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, which may include on-site processing that increases the value of wafers by transforming raw wafers into semiconductor memory or logic wafers, and may include further processing of such wafers.

"Qualified manufacturer" means any manufacturer of semiconductor products who (i) has made a cumulative investment of at least one billion dollars 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, as provided in subsections F and G, from a fund entitled the Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Fund subject to appropriations by the General Assembly and (ii) shall not exceed \$38,400,000 in the aggregate; however, the cumulative value of grants to which qualified manufacturers shall be entitled shall be based upon the cumulative investment made by qualified manufacturers 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

C. Any qualified manufacturer who makes (i) a cumulative investment of at least \$1 billion, but less than \$2.5 billion, shall be entitled to receive an annual grant payment of up to \$3,720,000, but the cumulative total of such grants shall not exceed \$18.6 million; (ii) a cumulative investment of at least \$2.5 billion, but less than \$4 billion, shall be entitled to receive an annual grant payment of up to

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

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

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

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

94 G. As a condition of receipt of a grant, all qualified manufacturers shall make available to the
95 Secretary for inspection upon his request all relevant and applicable documents to determine whether
96 the manufacture and sale of the wafers meets the requirements for the receipt of grants as set forth in
97 this section and subject to a memorandum of understanding between a qualified manufacturer and the
98 Commonwealth. The Comptroller shall not draw any warrants to issue checks for this program without
99 a specific legislative appropriation as specified in conditions and restrictions on expenditures in the
100 Appropriation Act. All such documents appropriately identified by the qualified manufacturer shall be
101 considered confidential and proprietary.