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SENATE BILL NO. 1143

Offered January 21, 1999

A BILL to amend the Code of Virginia by adding in Chapter 32.1 of Title 2.1 an article numbered 8, consisting of sections numbered 2.1-548.43:1 through 2.1-548.43:4, relating to the creation of the Virginia Investment Partnership Act.

Patrons—Trumbo, Bolling, Gartlan, Hanger, Hawkins, Howell, Lambert, Miller, K.G., Saslaw, Stosch, Ticer, Walker, Wampler, Watkins and Williams; Delegates: Abbitt, Albo, Baker, Black, Bryant, Cantor, Cranwell, Davies, Davis, Day, Deeds, Devolites, Diamonstein, Drake, Griffith, Jackson, Johnson, Jones, S.C., Katzen, McDonnell, McEachin, Morgan, Moss, Murphy, Nixon, Phillips, Puller, Purkey, Reid, Robinson, Ruff, Rust, Thomas, Ware, Wilkins and Woodrum

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 32.1 of Title 2.1 an article numbered 8, consisting of sections numbered 2.1-548.43:1 through 2.1-548.43:4, as follows:

*Article 8.**Virginia Investment Partnership Act.**§ 2.1-548.43:1. Short title.**This article shall be known and may be cited as the "Virginia Investment Partnership Act."**§ 2.1-548.43:2. Definitions.**As used in this article unless the context requires a different meaning:*

"Average manufacturing wage" means that amount determined by the Virginia Employment Commission as representing the average wage paid manufacturing workers in a locality, a region or the entire Commonwealth.

"Capital investment" means investments in real and/or personal property capitalized by the company, and which increases the capacity and/or results in the utilization of a more advanced technology than the company is currently using. These investments must be in technology that results in a measurable increase in capacity or productivity and/or a measurable decrease in the production of flawed product. Capital investment expressly excludes expenditures for maintenance, replacement or repair of existing machinery, tools and real property.

"Eligible manufacturer" means an existing Virginia manufacturer that announces a capital investment of at least \$25 million without any net reduction in employment. Companies participating in any other production grant program in the Commonwealth shall not be considered an eligible manufacturer under this program.

"Existing Virginia manufacturer " means a manufacturer having had a legal presence in the Commonwealth for at least five years prior to application for grants under this article.

*"Flawed product" means an irregular unit of goods that cannot be sold to an end user.**"Fund" means the Virginia Investment Partnership Grant Fund created pursuant to this article.*

"Jobs " mean the net new jobs created that are directly attributed to a company's expansion. Multiplier, spin-off, contractor or supplier jobs are expressly excluded under this article.

"Manufacturer" means any producer of goods for sale that are included in the listing of the Standard Industrial Classification codes for manufacturers.

"Net present value of benefits to Virginia" means increased tax revenue to the Commonwealth as a result of a manufacturing investment under this article over twenty years or less, taken at present value, after subtracting the value of all incentives provided by the Commonwealth for that manufacturing investment.

*"Partnership " means the Virginia Economic Development Partnership.**"Productivity" means the number of labor hours necessary to produce a unit of goods.**"Secretary" means the Secretary of Commerce and Trade.**§ 2.1-548.43:3. Performance grant.*

A. It is in the public interest for the Commonwealth to encourage and assist Virginia manufacturers to modernize their production processes, improve their competitiveness, and increase their employment and investment in Virginia. Keeping Virginia manufacturers competitive globally will not only ensure the security of, but also increase employment in, the Commonwealth, thus enhancing an important source of revenue.

Any eligible manufacturer shall be eligible to receive a grant from the Fund in five equal installments beginning in the sixth year after the capital investment is made. The amount of the grant

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60 shall be negotiated and recommended by the Secretary and the Partnership and approved by the
61 Governor, who shall take into consideration the amount of the investment, additional employment and
62 wages; amount by which wages exceed the average manufacturing wage for the area; and net present
63 value of benefits to Virginia. The amount of the grant shall also reflect the amount of other incentives
64 offered by the Commonwealth and the locality. The Partnership shall develop guidelines for
65 administration of the grants made from the Fund.

66 B. Any eligible manufacturer that makes a capital investment of at least \$100 million in an
67 expansion and creates at least 1,000 new jobs in Virginia shall be eligible for a grant under this article
68 of \$25 million, to be paid out over at least five and no more than seven years beginning in the sixth
69 year after the investment is made.

70 § 2.1-548.43:4. Virginia Investment Partnership Grant Fund.

71 A. There is hereby established a special fund in the state treasury to be known as the Virginia
72 Investment Partnership Grant Fund. The Fund shall include such moneys as may be appropriated by the
73 General Assembly from time to time and designated for the Fund. The Fund shall be used solely for the
74 payment of investment incentive grants to existing Virginia manufacturers pursuant to this article.
75 Initially, the appropriation to the Fund shall be \$7.5 million per year. The Partnership shall administer
76 the Virginia Investment Partnership Grant Fund and establish guidelines for procedures and
77 qualifications for grants.

78 B. The Partnership shall allocate moneys in the following order of priority: (i) first, to unpaid grant
79 amounts carried forward from prior years because manufacturers did not receive the full amount of any
80 grant to which they were eligible in a prior year and (ii) then to other approved applicants. If the
81 moneys in the Fund are less than the amount of grants to which applicants in any class of priority are
82 eligible, the moneys in the Fund shall be apportioned pro rata among eligible applicants in such class,
83 based upon the amount of the grant to which an applicant is eligible and the amount of money in the
84 Fund available for allocation to such class.

85 C. If an applicant is allocated less than the full amount of a grant to which it is eligible in any year,
86 that applicant shall not be eligible for the deficiency in that year, but the unpaid portion of the grant to
87 which the applicant was eligible shall be carried forward by the Partnership to the following year,
88 during which it shall be in the first class of priority as provided in clause (i) of subsection B.

89 D. The Partnership shall determine the amount of the grants to be allocated to eligible applicants by
90 June 30 of each year. The Partnership shall then certify to the Comptroller the amount of grant an
91 eligible manufacturer shall receive. Payments shall be made by check issued by the Treasurer of
92 Virginia on warrant of the Comptroller.

93 E. All excess funds remaining in any given year shall be carried forward on the books of the Fund
94 for use in subsequent years.

95 F. Actions of the Partnership relating to the allocation and awarding of grants shall be exempt from
96 the provisions of the Administrative Process Act pursuant to subdivision B 4 of § 9-6.14:4.1.