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HOUSE BILL NO. 2033

Offered January 12, 2005

Prefiled January 11, 2005

A BILL to amend and reenact § 59.1-284.15:1 of the Code of Virginia, relating to semiconductor manufacturing performance grants.

Patrons—Miles, Baskerville, Callahan, Hall, Ingram, McQuigg, O'Bannon, Purkey and Reid; Senators: Colgan, Lambert and Stosch

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That § 59.1-284.15:1 of the Code of Virginia is amended and reenacted as follows:

§ 59.1-284.15:1. Grants for additional employment and new capital investment.

A. As used in this section:

"Eligible county" means the same as that term is defined in § 59.1-284.15.

"New capital investment" means capital investment made on or after July 1, 2000, that denotes investment in buildings and equipment by a qualified manufacturer. Such new capital investment shall not include any capital investment made before July 1, 2000, and shall not include any investment in buildings and equipment that makes or has made such manufacturer a qualified manufacturer as defined under § 59.1-284.15.

"New full-time job" means employment of an indefinite duration in an eligible county, created as the direct result of new capital investment, for which the standard fringe benefits are paid by the qualified manufacturer, requiring a minimum of either (i) ~~thirty-five~~ 35 hours of an employee's time per week for the entire normal year of such manufacturer's operations, which "normal year" must consist of at least ~~forty-eight~~ 48 weeks or (ii) 1,680 hours per year. Seasonal or temporary positions, and positions created when a job function is shifted from an existing location in the Commonwealth shall not qualify as new full-time jobs under this section. Other positions including contractors, suppliers, and multiplier or spin-off jobs may be considered new full-time jobs, if so designated in the Memorandum of Understanding between such manufacturer and the Commonwealth.

"Qualified manufacturer" means a qualified manufacturer as defined in § 59.1-284.15, its related companies, or contractual partners.

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

B. Any qualified manufacturer shall be eligible for annual grant payments under this section if the following conditions are met:

1. If such manufacturer makes a new capital investment of at least \$1.1 billion in an eligible county that results in the creation of a new manufacturing module by January 1, ~~2004~~ 2007, and at least ~~one-half of the new capital investment is made by January 1, 2006~~, the qualified manufacturer shall be eligible ~~for one to receive a grant of payment of fifteen~~ \$15 million ~~dollars two years after the completion of facilities represented by such new capital investment, to be paid in two equal payments of \$7.5 million the first such payment to be made after the new capital investment of \$550 million is made, but not before July 1, 2006, and the second payment to be made on July 1, 2007.~~

2. If such manufacturer creates ~~300 an additional 1,000~~ new full-time ~~administrative~~ jobs by January 1, ~~2004~~ 2008, the qualified manufacturer shall be eligible to receive ~~an additional a grant payment of five~~ \$35 million ~~dollars, to be paid in four equal annual grant payments of \$8.75 million the first such payment to be made two years after certification by the Secretary that the at least 500 new full-time jobs have been created, but not before July 1, 2007. Subsequent payments shall also be subject to certification by the Secretary that new jobs have been created and retained during the course of the payment period.~~ A qualified manufacturer shall be eligible for a the full grant amount under this subdivision if the number of persons employed by such manufacturer in an eligible county, by January 1, ~~2004~~ 2008, is equal to at least the number of persons employed by such manufacturer immediately prior to July 1, 2000, plus an additional ~~300 1,000~~ full-time employees.

3. If such manufacturer creates ~~an additional 1,100~~ 200 new full-time jobs by January 1, ~~2005~~ 2009, the qualified manufacturer shall be eligible to receive ~~four an additional annual grant payments~~ payment of ~~\$8,750,000 beginning~~ \$5 million, to be paid in two equal annual payments of \$2.5 million, the first such payment to be made two years after certification by the Secretary that ~~the at least 100 new full-time jobs have been created. The subsequent payment shall also be subject to certification by the Secretary that new jobs have been created and retained during the course of the payment period.~~ A qualified manufacturer shall be eligible for a the full grant amount under this subdivision if the number

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HB2033

58 of persons employed by such manufacturer in an eligible county, by January 1, 2005 2009, is equal to at
59 least the number of persons employed by such manufacturer immediately prior to July 1, 2000, plus ~~an~~
60 ~~the additional 1,400~~ 1,200 full-time employees.

61 4. The total amount of grants to all such qualified manufacturers under subdivisions 1 through 3 shall
62 not exceed ~~fifty-five~~ \$55 million ~~dollars~~. In addition, no grant shall be paid to a qualified manufacturer
63 until the Senate Committee on Finance and the House Committees on Appropriations and Finance
64 review the unsigned written Memorandum of Understanding between such manufacturer and the
65 Commonwealth, with such Memorandum of Understanding specifying the conditions of grant eligibility.

66 C. Any semiconductor-related products that are produced or manufactured as a result of such new
67 capital investments shall not be eligible for grants as provided under § 59.1-284.15.

68 D. Any qualified manufacturer entitled to apply for a grant under this section shall provide evidence,
69 satisfactory to the Secretary, of new capital investment and employment levels achieved in an eligible
70 county during a particular calendar year. The application and evidence shall be filed by such
71 manufacturer with the Secretary in person or by mail no later than March 31 (or such later date
72 determined by the Secretary in his sole discretion) each year it is eligible for grants in the calendar year
73 or years following the calendar year in which the conditions of subsection B have been met. Failure to
74 meet the filing deadline shall render the applicant ineligible to receive a grant for such calendar year.
75 For filings by mail, the postmark cancellation shall govern the date of the filing determination.

76 E. Within ~~ninety~~ 90 days after the filing deadline in subsection D, the Secretary shall certify to (i)
77 the Comptroller and (ii) each applicant the amount of the grant to which such applicant is entitled under
78 this section for the calendar year. Payment of such grant shall be made by check issued by the State
79 Treasurer on warrant of the Comptroller within ~~sixty~~ 60 days of such certification.

80 F. As a condition of receipt of a grant, a qualified manufacturer shall make available to the Secretary
81 for inspection, upon his request, all relevant and applicable documents to determine whether the
82 qualified manufacturer meets the requirements for the receipt of grants as set forth in this section and
83 subject to a Memorandum of Agreement between a qualified manufacturer and the Commonwealth. All
84 such documents appropriately identified by the qualified manufacturer shall be considered confidential
85 and proprietary. The Comptroller shall not draw any warrants to issue checks for this program without a
86 specific legislative appropriation as specified in conditions and restrictions on expenditures in the
87 appropriation act.

88 G. The grants that may be paid under this section shall be paid from the Semiconductor Memory or
89 Logic Wafer Manufacturing Performance Grant Fund II established under § 59.1-284.15, subject to
90 appropriations to such fund by the General Assembly.