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SENATE BILL NO. 651

Offered January 9, 2008

Prefiled January 9, 2008

A BILL to amend the Code of Virginia by adding in Title 59.1 a chapter numbered 22.5, consisting of sections numbered 59.1-284.20, 59.1-284.21, and 59.1-284.22, relating to economic development and workforce development grant programs.

Patrons—Quayle; Delegate: Ingram

Referred to Committee on Commerce and Labor

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 22.5, consisting of sections numbered 59.1-284.20, 59.1-284.21, and 59.1-284.22 as follows:

CHAPTER 22.5.**AEROSPACE ENGINE MANUFACTURING PERFORMANCE GRANT PROGRAM.**

§ 59.1-284.20. Aerospace Engine Manufacturing Performance Grant Program; eligible county.

A. As used in this section:

"Eligible county" means Prince George County.

"Grant" means the aerospace engine manufacturing performance grant as described in this section.

"Manufacture of aerospace engines" means (i) the manufacture or assembly and test of aircraft engines and engine parts; (ii) the design or development of aircraft engines and engine parts; or (iii) the manufacturing activities of a private company described under 2007 index number 336412 of the North American Industry Classification System.

"Memorandum of understanding" means a document between a qualified manufacturer and the Commonwealth setting forth the targets for capital investment and job creation that will entitle the qualified manufacturer to a grant under this section.

"Qualified manufacturer" means a company that manufactures aerospace engines that (i) is expected to make a capital investment of at least \$500 million in real and tangible personal property by fiscal year 2023 in an eligible county related to the manufacture of aerospace engines, or to undertake activities ancillary or supportive of such manufacture, and (ii) is expected to create more than 540 jobs in an eligible county related to such manufacturing activities, or activities ancillary or supportive of such manufacture.

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

B. Any qualified manufacturer that, after July 1, 2008, and through June 30, 2023, begins to operate in an eligible county shall be entitled to receive a grant each year beginning in fiscal year 2014 and ending in fiscal year 2023. The grants under this section (i) shall be paid from a fund entitled the Aerospace Engine Manufacturing Performance Grant Fund subject to appropriations by the General Assembly, (ii) shall not exceed \$35 million in the aggregate, and (iii) shall be paid, as provided in subsections E and F, to the qualified manufacturer during each fiscal year contingent upon compliance by a particular qualified manufacturer with capital investment and job creation targets as set forth in a memorandum of understanding.

C. If applications for grants by qualified manufacturers under this section exceed the aggregate amount payable in a fiscal year, as listed below, each eligible applicant's grant for the year shall equal the amount of the grant to which the applicant would be entitled absent this subsection multiplied by a fraction. The numerator of the fraction shall equal the net amount payable as listed below for the year, and the denominator shall equal the aggregate dollar amount of applications for grants to which all applicants would be entitled, absent this subsection.

The aggregate amount of the grants under this section for a particular year shall not exceed the following:

| Fiscal Year | Amount |
|-------------|--|
| 2014 | \$5.5 million |
| 2015 | \$11 million, less the aggregate amount of grants to which all qualified manufacturers were entitled during the fiscal year 2014 |
| 2016 | \$14 million, less the aggregate amount of grants to which all qualified manufacturers were entitled during the fiscal years 2014 and 2015 |

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58 2017 \$17 million, less the aggregate amount of grants to
 59 which all qualified manufacturers were entitled
 60 during the fiscal years 2014 through 2016
 61 2018 \$20 million, less the aggregate amount of grants to
 62 which all qualified manufacturers were entitled
 63 during the fiscal years 2014 through 2017
 64 2019 \$23 million, less the aggregate amount of grants to
 65 which all qualified manufacturers were entitled
 66 during the fiscal years 2014 through 2018
 67 2020 \$26 million, less the aggregate amount of grants to
 68 which all qualified manufacturers were entitled
 69 during the fiscal years 2014 through 2019
 70 2021 \$29 million, less the aggregate amount of grants to
 71 which all qualified manufacturers were entitled
 72 during the fiscal years 2014 through 2020
 73 2022 \$32 million, less the aggregate amount of grants to
 74 which all qualified manufacturers were entitled
 75 during the fiscal years 2014 through 2021
 76 2023 \$35 million, less the aggregate amount of grants to
 77 which all qualified manufacturers were entitled
 78 during the fiscal years 2014 through 2022.

79 *D. Any qualified manufacturer entitled to apply for a grant under this section shall provide evidence,*
 80 *satisfactory to the Secretary, of the number of jobs created and aggregate amount of capital investment*
 81 *made by the qualified manufacturer. The application and evidence shall be filed with the Secretary in*
 82 *person or by mail no later than April 1 (or such later date determined by the Secretary in his sole*
 83 *discretion) each year following compliance by a qualified manufacturer with the capital investment and*
 84 *job creation targets set forth in the memorandum of understanding. Failure to meet the filing deadline*
 85 *(or such later date determined by the Secretary in his sole discretion) shall result in a deferral of the*
 86 *scheduled grant payment as may be set forth in the memorandum of understanding. For filings by mail,*
 87 *the postmark cancellation shall govern the date of the filing determination.*

88 *E. The memorandum of understanding may provide that if payment has been deferred for any reason,*
 89 *including the initial failure to comply with the capital investment and job creation targets set forth in*
 90 *the memorandum of understanding or the occurrence of any substantial reduction in capital investment*
 91 *or job creation after such targets have been achieved but before the grant payment is made, payment in*
 92 *a subsequent fiscal year for which such targets have been achieved shall include both the deferred*
 93 *payment and the scheduled grant payment described in subsection C.*

94 *F. Within 30 days after the filing deadline in subsection D, the Secretary shall certify to (i) the*
 95 *Comptroller and (ii) each applicant the amount of the grant to which such applicant is entitled under*
 96 *this section. Payment of such grant shall be made by check issued by the Treasurer of Virginia on*
 97 *warrant of the Comptroller within 60 days of such certification.*

98 *G. As a condition of receipt of a grant, a qualified manufacturer shall make available to the*
 99 *Secretary or his designee for inspection upon his request all relevant and applicable documents to*
 100 *determine whether the applicant has met the requirements for the receipt of grants as set forth in this*
 101 *section and subject to a memorandum of understanding. The Comptroller shall not draw any warrants*
 102 *to issue checks for this program without a specific legislative appropriation as specified in conditions*
 103 *and restrictions on expenditures in the appropriation act. All such documents appropriately identified by*
 104 *the qualified manufacturer shall be considered confidential and proprietary.*

105 § 59.1-284.21. Aerospace Engine Manufacturing Supplier Cluster Bonus Performance Grant
 106 Program; eligible county.

107 A. As used in this section:

108 "Eligible county" means Prince George County.

109 "Grant" means the aerospace engine manufacturing supplier cluster bonus performance grant as
 110 described in this section.

111 "Memorandum of understanding" means a document between a qualified manufacturer and the
 112 Commonwealth setting forth the targets for capital investment and job creation that allow the qualified
 113 manufacturer to apply for a grant under this section.

114 "Qualified manufacturer" means the same as such term is defined in §59.1-284.20.

115 "Qualified supplier" means a manufacturer, assembler, distributor, or service provider that locates in
 116 the Commonwealth or makes an expansion after a qualified manufacturer establishes a manufacturing,
 117 assembly, and testing facility in an eligible county and that delivers or provides ancillary parts, tools, or

other components used by the qualified manufacturer or provides ancillary services for such qualified manufacturer.

"Qualified supplier cluster" means the aggregate of qualified suppliers.

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

B. Any qualified manufacturer that induces the location of a qualified supplier cluster having the aggregate capital investment and jobs creation in the Commonwealth set forth in this section shall be eligible to receive a grant. The grants under this section (i) shall be paid from a fund entitled the Aerospace Engine Manufacturing Supplier Cluster Grant Fund, subject to appropriations by the General Assembly, (ii) shall not exceed \$5 million in the aggregate, and (iii) shall be paid, as provided in this section, to the qualified manufacturer under the following guidelines: (a) if the qualified manufacturer demonstrates that the qualified supplier cluster has created at least 150 jobs and made at least \$25 million worth of capital investment in real and tangible personal property, then a grant payment in the amount of \$2.5 million shall be paid in the fiscal year after such targets were achieved; and (b) if the qualified manufacturer demonstrates that the qualified supplier cluster has created at least 300 jobs and made at least \$50 million worth of capital investment in real and tangible personal property, then the remaining \$2.5 million grant payment shall be paid in the fiscal year after such targets were achieved, but not in the same fiscal year as the initial grant payment set forth in subdivision (a), in which case the remaining grant payment shall be paid in the fiscal year after payment of the initial grant set forth in subdivision (a).

The memorandum of understanding may provide that a qualified manufacturer shall qualify for a reduced grant payment if at least one-third of the full \$50 million capital investment and 300 new job creation targets have been achieved. As shall be described in the memorandum of understanding, the reduction in the grant payments shall proportionately reflect the reduction in the targets met. Further, the memorandum of understanding may provide for deferred payments if the capital investment and jobs creation targets are achieved, but a substantial reduction occurs in capital investment and jobs between the date the targets were achieved and the grant payment is to be made.

C. If applications for grants by qualified manufacturers under this section exceed the aggregate amount of grants payable in a fiscal year, each eligible applicant's grant for the year shall equal the amount of the grant to which the applicant would be entitled absent this subsection multiplied by a fraction. The numerator of the fraction shall equal the amount of the grant payable in the fiscal year, and the denominator shall equal the aggregate dollar amount of applications for grants to which all applicants would be entitled for such year absent this subsection.

D. Any qualified manufacturer entitled to apply for a grant under this section shall provide evidence, satisfactory to the Secretary, of the identity of the qualified suppliers, the aggregate number of jobs created and the aggregate amount of capital investment made by the qualified suppliers to determine if the qualified manufacturer qualifies for a grant under this section. The application and evidence shall be filed with the Secretary in person or by mail no later than August 31 (or such later date determined by the Secretary in his sole discretion) each year following the achievement of the applicable capital investment and jobs creation targets or anticipation of the achievement of the applicable targets by the end of the calendar year in order to receive a grant for the following fiscal year. Failure to meet the filing deadline (or such later date determined by the Secretary in his sole discretion) or failure to notify the Secretary by January 31 if applicable that anticipated targets were actually met by the end of the prior calendar year shall result in a deferral of the scheduled grant payment as may be set forth in the memorandum of understanding. For filings by mail, the postmark cancellation shall govern the date of the filing determination.

E. Within 30 days after the filing deadline in subsection D, the Secretary shall certify to (i) the Comptroller and (ii) each applicant the amount of the grant to which such applicant is entitled under this section. Payment of such grant shall be made by check issued by the Treasurer of Virginia on warrant of the Comptroller within 60 days of such certification.

F. As a condition of receipt of a grant, a qualified manufacturer shall make available to the Secretary or his designee for inspection upon his request all relevant and applicable documents to determine the identity of the qualified suppliers, the aggregate number of jobs created, the wages paid for those jobs, the prevailing wages in the localities in which such jobs are located, and the aggregate amount of capital investment, all subject to a memorandum of understanding. The Comptroller shall not draw any warrants to issue checks for this program without a specific legislative appropriation as specified in conditions and restrictions on expenditures in the appropriation act. All such documents appropriately identified by the qualified manufacturer shall be considered confidential and proprietary.

§ 59.1-284.22. Aerospace Engine Manufacturer Workforce Training Grant Fund; eligible county.

A. As used in this section:

"Affiliate" means with respect to any person, any other person directly or indirectly controlling, controlled by, or under common control with such person. For purposes of this definition, "control"

179 (including "controlled by" and "under common control with") shall mean the power, directly or
180 indirectly, to direct or cause the direction of the management and policies of such person whether
181 through ownership or voting securities or by contract or otherwise.

182 "Eligible county" means Prince George County.

183 "Grant" means the special training grant or supplemental training grant as described in this section.

184 "Qualified employee" means an individual hired in the Commonwealth by an entity that is a qualified
185 manufacturer or by an affiliate, who (i) has been employed by a qualified manufacturer or by an
186 affiliate for at least 90 days, and (ii) works on a full-time basis for the qualified manufacturer or for an
187 affiliate. Full-time is defined as a job requiring work of at least 35 hours per week for at least 48 weeks
188 per year.

189 "Qualified manufacturer" means the same as such term is defined in §59.1-284.20.

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

191 "Special training grant" means a \$9,000 allocation from the Aerospace Engine Manufacturer
192 Workforce Training Grant Fund per new job for a qualified employee, as described in this section. The
193 aggregate amount of special training grants shall be limited to \$5,778,000.

194 "Supplemental training grant" means a one-time \$3 million allocation from the Aerospace Engine
195 Manufacturer Workforce Training Grant Fund, as described in this section.

196 B. Grants paid to the qualified manufacturer are intended to be used for workforce development,
197 instructional, or training purposes so as to enhance the skill sets of the qualified employees.

198 C. Any qualified manufacturer that is entitled to receive a special training grant shall report to the
199 Secretary quarterly the number of new qualified employees hired and trained who have been employed
200 for at least 90 days. The special training grants under this section (i) shall be paid from a fund entitled
201 the Aerospace Engine Manufacturer Workforce Training Grant Fund, subject to appropriations by the
202 General Assembly, (ii) shall not exceed \$5,778,000 in the aggregate, and (iii) shall be paid to or for the
203 benefit of the qualified manufacturer on a quarterly basis.

204 D. A supplemental training grant shall be paid to any qualified manufacturer that has invested at
205 least \$153.9 million in real and tangible personal property in the eligible county and has hired at least
206 176 new qualified employees. On or before June 30, 2010, and on or before each June 30 thereafter
207 until the supplemental training grant has been paid, the qualified manufacturer shall notify the Secretary
208 whether it expects to meet the conditions required to receive the supplemental training grant before the
209 end of that calendar year. If it expects to meet such conditions before the end of that calendar year, an
210 appropriation in the amount of the supplemental training grant shall be requested for payment before
211 the end of the applicable fiscal year. The supplemental training grant shall not be paid before fiscal
212 year 2011 or before the qualified manufacturer notifies the Secretary that it has met the conditions
213 required to receive the supplemental training grant described in this section. The supplemental training
214 grant under this section (i) shall be paid from a fund entitled the Aerospace Engine Manufacturer
215 Workforce Training Grant Fund, subject to appropriations by the General Assembly, (ii) shall be equal
216 to \$3 million, and (iii) shall be paid to the qualified manufacturer by the end of the applicable fiscal
217 year, as described above.

218 E. If applications for grants by qualified manufacturers under this section during a particular fiscal
219 year exceed the aggregate amount available in the Aerospace Engine Manufacturer Workforce Training
220 Grant Fund for that year, each eligible applicant's grants for the year shall equal the amount of the
221 grants to which the applicant would be entitled absent this subsection multiplied by a fraction. The
222 numerator of the fraction shall equal the aggregate amount available for payment from the Aerospace
223 Engine Manufacturer Workforce Training Grant Fund for that fiscal year, and the denominator shall
224 equal the aggregate dollar amount of grants to which all applicants would be entitled for such fiscal
225 year absent this subsection.

226 F. The Secretary shall certify, within 30 days of receipt from a qualified manufacturer evidence that
227 it is entitled to a special training grant or a supplemental training grant, to (i) the Comptroller and (ii)
228 each applicant the amount of the applicable grant to which such applicant is entitled under this section.
229 Payment of a special training grant or a supplemental training grant shall be made by check issued by
230 the Treasurer of Virginia on warrant of the Comptroller within 60 days of such certification.
231 Alternatively, special training grants may be administered in a fashion similar to other existing training
232 grant programs such as those permitted by §2.2-902. In no circumstances shall the supplemental
233 training grant be paid prior to fiscal year 2011.

234 G. As a condition of receipt of a grant, a qualified manufacturer shall make available to the
235 Secretary or his designee for inspection upon his request all relevant and applicable documents to
236 determine the aggregate number of new qualified employees and, if applicable, the aggregate amount of
237 capital investment in real and tangible personal property. The Comptroller shall not draw any warrants
238 to issue checks for a special training grant or a supplemental training grant without a specific
239 legislative appropriation as specified in conditions and restrictions on expenditures in the appropriation
240 act. All such documents appropriately identified by the qualified manufacturer shall be considered

241 *confidential and proprietary.*