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HOUSE BILL NO. 2030

Offered January 12, 2011

Prefiled January 11, 2011

A *BILL to amend the Code of Virginia by adding in Title 59.1 a chapter numbered 50, containing articles numbered 1 through 3, consisting of sections numbered 59.1-550 through 59.1-555, relating to strategic manufacturing and job repatriation; Economic Security Commission established; repatriation tax incentive study; report.*

 Patron—May

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 50, containing articles numbered 1 through 3, consisting of sections numbered 59.1-550 through 59.1-555, as follows:

CHAPTER 50.**STRATEGIC MANUFACTURING AND JOB REPATRIATION ACT.****Article 1.****General Provisions.****§ 59.1-550. Definitions.**

As used in this chapter, unless the context requires a different meaning:

"Comparative advantage" means, with respect to a country's industrial base, an environment in which a country's private industry may produce a good at a lower opportunity cost than a competitor.

"Repatriation" means, with respect to a firm's job or facility, the act of returning from a location in a foreign country to a location within the Commonwealth.

"Technology-based planning" means the process by which the Commonwealth may promote the acquisition and utilization of technology to excel at satisfying a customer need to generate a competitive advantage for the Commonwealth.

"Technology spatial mapping" means identifying the full set of present and emerging technologies whose dimensions dictate how a technology may be acquired and utilized for a competitive advantage.

Article 2.**Manufacturing and Repatriation Strategy.****§ 59.1-551. Comprehensive manufacturing strategy; survey of firms; database.**

A. By January 1, 2012, the Secretary of Commerce and Trade shall create a comprehensive manufacturing strategy designed to increase overall production, create private sector jobs, and identify emerging technologies to strengthen Commonwealth competitiveness and comparative advantages. The strategy shall also include:

1. An analysis of progress made since the release of the Secretary's 2004 report titled "Manufacturing in America: A Comprehensive Strategy to Address the Challenges to U.S. Manufacturers";

2. Targets, established by the Secretary, for manufacturing sector growth, including a subset of targets for repatriated jobs to the Commonwealth, for calendar years 2012, 2013, 2014, 2015, and 2016; and

3. A survey of all existing state and federal programs supporting manufacturing and recommendations on how the Governor or the General Assembly may better align such programs to support the strategy.

B. By January 1, 2012, and every second year thereafter, the Secretary of Commerce and Trade shall conduct a survey of firms in the Commonwealth. Any firm choosing not to complete the survey will be ineligible to receive Virginia contracts or assistance. The survey shall, at a minimum, identify:

1. Virginia firms that maintain manufacturing, design, or support service facilities outside the United States; and

2. Categories of products manufactured at such facilities and number of jobs located at such overseas facilities.

C. The Secretary of Commerce and Trade shall create and maintain a database based on the information provided in response to the surveys of firms.

D. The Secretary of Commerce and Trade shall report to General Assembly on the results of the surveys, including longitudinal trends in Virginia manufacturing and the repatriation of jobs.

§ 59.1-552. Repatriation task forces.

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59 A. The Secretary of Commerce and Trade shall establish multiple repatriation task forces to promote
60 repatriation in accordance with the established targets for job repatriation and manufacturing growth.
61 The task forces shall:

62 1. Proactively and regularly identify Virginia firms interested in repatriating production or services
63 to the Commonwealth;

64 2. Identify the unique needs of the firm necessary to facilitate the repatriation;

65 3. Identify and assist local governments to facilitate a mutually beneficial repatriation of the firm's
66 facility or jobs, or both, to the Commonwealth;

67 4. Work with federal agencies on a case-by-case basis to provide technical assistance to the firm
68 necessary to facilitate the repatriation of the facility or jobs, or both, to the Commonwealth;

69 5. Educate firms on the comprehensive manufacturing strategy, the repatriation task forces, and all
70 state and local assistance available to such firms; and

71 6. Develop a computer-based program to help firms understand the total cost of ownership of
72 locating facilities inside the Commonwealth as compared with foreign countries.

73 B. Each task force shall comprise, at a minimum, representatives from the Office of the Secretary of
74 Commerce and Trade, the Virginia Economic Development Partnership, the Department of Business
75 Assistance, the Department of Housing and Community Development, and the Department of Taxation.

76 Article 3.

77 Economic Security Commission.

78 § 59.1-553. Economic Security Commission; purpose; membership; terms; meetings; compensation
79 and expenses; staff; executive summary.

80 A. The Economic Security Commission (the Commission) is established as an advisory commission,
81 within the meaning of § 2.2-2100, in the executive branch of state government. The purpose of the
82 Commission is to study and make recommendations on policy relating to (i) Commonwealth economic
83 competitiveness, particularly in the manufacturing, information technology, energy, and biotechnology
84 sectors of the global economy, and (ii) technology-based planning policies to bolster Commonwealth
85 economic competitiveness.

86 B. The Commission shall consist of 14 members that include six legislative members, six
87 nonlegislative citizen members, and two ex officio members as follows: one member of the Senate
88 Committee on Finance and one member of the Senate Committee on Commerce and Labor appointed by
89 the Senate Committee on Rules; one member of the House Committee on Finance, one member of the
90 House Committee on Appropriations, and two members of the House Committee on Commerce and
91 Labor appointed by the Speaker of the House of Delegates in accordance with the principles of
92 proportional representation contained in the Rules of the House of Delegates; six nonlegislative citizen
93 members appointed by the Governor that include individuals with experience in manufacturing and
94 international trade; and the Secretary of Commerce and Trade and the State Tax Commissioner, or their
95 designees, who shall serve as ex officio nonvoting members.

96 C. All nonlegislative citizen members shall be appointed for terms of four years. Legislative and ex
97 officio members shall serve terms coincident with their terms of office. All members may be reappointed.
98 However, no House member shall serve more than four consecutive two-year terms, no Senate member
99 shall serve more than two consecutive four-year terms, and no nonlegislative citizen member shall serve
100 more than two consecutive four-year terms. Vacancies occurring other than by expiration of a term shall
101 be filled for the unexpired term. Vacancies shall be filled in the same manner as the original
102 appointments. The remainder of any term to which a member is appointed to fill a vacancy shall not
103 constitute a term in determining the member's eligibility for reappointment.

104 D. The Commission shall meet at the request of the chairman, the majority of the voting members or
105 the Governor. The Commission shall elect a chairman and a vice-chairman, as determined by the
106 membership. A majority of the members of the Commission shall constitute a quorum.

107 E. Legislative members of the Commission shall receive such compensation as provided in
108 § 30-19.12, and nonlegislative citizen members shall receive such compensation for the performance of
109 their duties as provided in § 2.2-2813. All members shall be reimbursed for all reasonable and
110 necessary expenses incurred in the performance of their duties as provided in §§ 2.2-2813 and 2.2-2825.
111 Funding for the compensation and costs of expenses of the members shall be provided by the Office of
112 the Secretary of Commerce and Trade.

113 F. The Virginia Economic Development Partnership shall provide staff assistance to the Commission.

114 G. The chairman of the Commission shall submit to the Governor and the General Assembly an
115 annual executive summary of the interim activity and work of the Commission no later than the first day
116 of each regular session of the General Assembly. The executive summary shall be submitted as provided
117 in the procedures of the Division of Legislative Automated Systems for the processing of legislative
118 documents and reports and shall be posted on the General Assembly's website.

119 § 59.1-554. Duties of the Commission.

120 The Economic Security Commission shall:

121 1. Issue periodic reports on issues surrounding technology-based planning, emerging technologies,
122 and Commonwealth economic competitiveness, specifically with regard to international trade
123 agreements, taxation, cybersecurity, intellectual property laws and enforcement, vocational training,
124 education, research and development programs, and infrastructure;

125 2. Oversee the development and operation of a computer-based, accurate, precise, and detailed
126 technology spatial mapping program. This tool will be used to catalog, monitor, and anticipate
127 emerging trends in technology to support the Commission's reporting on developing Commonwealth
128 comparative advantages in a timely manner as new technology develops;

129 3. Provide additional information and recommendations, relating to Commonwealth economic
130 competitiveness, to the Governor and the General Assembly upon request; and

131 4. Report annually on its activities to the joint standing committees of the General Assembly having
132 jurisdiction over insurance by December 1 of each year.

133 § 59.1-555. Sunset.

134 This article shall expire on July 1, 2014.

135 2. That the Secretary of Commerce and Trade be requested to study the impact and feasibility of
136 a tax incentive to encourage firms to repatriate jobs to the Commonwealth. In conducting its
137 study, the Secretary of Commerce and Trade shall examine the merits of waiving all Virginia
138 taxes on the return of offshore, untaxed profits by comparing the cost of such a tax incentive with
139 the number of Virginia jobs created. Technical assistance shall be provided to the Secretary by the
140 Department of Taxation. All agencies of the Commonwealth shall provide assistance to the
141 Secretary for this study, upon request. The Secretary of Commerce and Trade shall complete its
142 study by November 30, 2011, and shall submit to the Governor and the General Assembly an
143 executive summary and a report of its findings and recommendations for publication as a House
144 or Senate document. The executive summary and report shall be submitted as provided in the
145 procedures of the Division of Legislative Automated Systems for the processing of legislative
146 documents and reports no later than the first day of the 2012 Regular Session of the General
147 Assembly and shall be posted on the General Assembly's website.