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SENATE BILL NO. 578  
FLOOR AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by Senator Norment  
on February 14, 2012)

(Patron Prior to Substitute—Senator Wagner)

A BILL to amend and reenact §§ 10.1-1188, 58.1-439.12:06, 58.1-439.12:09, 58.1-439.12:10, 62.1-129, and 62.1-139 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 2.2-2240.3, 2.2-2240.4, and 62.1-132.3:1, relating to the Virginia Port Authority and promotion of the ports of Virginia.

Be it enacted by the General Assembly of Virginia:

1. That §§ 10.1-1188, 58.1-439.12:06, 58.1-439.12:09, 58.1-439.12:10, 62.1-129, and 62.1-139 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 2.2-2240.3, 2.2-2240.4, and 62.1-132.3:1 as follows:

§ 2.2-2240.3. Route 460 Corridor Interstate 85 Connector Economic Development Zone Grant Fund.

A. From such funds as may be appropriated by the General Assembly and any gifts, grants, or donations from public or private sources, there is hereby created in the state treasury a special nonreverting, permanent fund to be known as the Route 460 Corridor Interstate 85 Connector Economic Development Zone Grant Fund (the Fund), to be administered by the Virginia Economic Development Partnership Authority. The Fund shall be established on the books of the Comptroller. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund at the end of each fiscal year, including interest thereon, shall not revert to the general fund but shall remain in the Fund. Expenditures and disbursements from the Fund, which shall be in the form of grants, shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Chief Executive Officer. Moneys in the Fund shall be used solely for the purpose of grants to qualified applicants to the Route 460 Corridor Interstate 85 Connector Economic Development Zone Grant Program pursuant to § 2.2-2240.4.

§ 2.2-2240.4. Route 460 Corridor Interstate 85 Connector Economic Development Zone Grant Program.

A. The Virginia General Assembly, finding the further development and diversification of the Virginia economy through utilization of the Port of Virginia and Virginia's commercial maritime assets to be in the best interests of the entire Commonwealth, and finding that the proposed location of the Route 460 Corridor Improvement Project, with its proximity to the Port of Virginia and the rail lines of two Class I railroads, provides for the location of the necessary logistical, support, and manufacturing facilities needed to sustain economic development and job growth through the Port of Virginia, does hereby establish the Route 460 Corridor Interstate 85 Connector Economic Development Zone Grant Program and designate the following localities to be part of the Route 460 Corridor Interstate 85 Connector Economic Development Zone: the Counties of Chesterfield, Dinwiddie, Isle of Wight, Prince George, Southampton, Surry, and Sussex and the Cities of Chesapeake, Colonial Heights, Hopewell, Norfolk, Petersburg, Portsmouth, Richmond, Suffolk, and Virginia Beach.

B. As used in this section, unless the context requires a different meaning:

"Qualified company" means a corporation, limited liability company, partnership, joint venture, or other business entity that (i) was not located in Virginia prior to locating within the Zone; (ii) employs at least 25 qualified full-time employees during its first taxable year of operation within the Zone; (iii) is involved in maritime commerce or exports or imports manufactured goods through the Port of Virginia; and (iv) is engaged in one or more of the following: the distribution, freight forwarding, freight handling, goods processing, manufacturing, warehousing, crossdocking, transloading, or wholesaling of goods imported and exported through the Port of Virginia; ship building and ship repair; dredging; marine construction; or offshore energy exploration and extraction.

"Qualified full-time employee" means an employee filling a new, permanent full-time position in the qualified company's location within the Zone. A "new, permanent full-time position" is a job of an indefinite duration, created by the company as a result of operations within the Zone, requiring a minimum of 35 hours of an employee's time per week for the entire normal year of the company's operations, which normal year shall consist of at least 48 weeks, or a position of indefinite duration that requires a minimum of 35 hours of an employee's time per week for the portion of the taxable year in which the employee was initially hired for, or transferred to, the qualified company's location within the Zone. Seasonal or temporary positions, or jobs created when the job functions are shifted from an existing location in the Commonwealth to the qualified company's location within the Zone, and positions in building and grounds maintenance, security, and other positions that are ancillary to the principal activities performed by the employees at the qualified company's location within the Zone shall

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60 not qualify as new, permanent full-time positions. A "qualified full-time employee" does not include an  
61 employee (i) for whom a credit was previously earned pursuant to § 58.1-439 or 58.1-439.12:06 by a  
62 related party as defined in § 267(b) of the Internal Revenue Code or by a trade or business under  
63 common control as defined in § 52(b) of the Internal Revenue Code; (ii) who was previously employed  
64 in the same job function in Virginia by a related party as defined in § 267(b) of the Internal Revenue  
65 Code; or (iii) whose job function was previously performed at a different location in Virginia by an  
66 employee of a related party as defined in § 267(b) of the Internal Revenue Code or a trade or business  
67 under common control as defined in § 52(b) of the Internal Revenue Code.

68 "Zone" means the Route 460 Corridor Interstate 85 Connector Economic Development Zone.

69 C. Beginning January 1, 2014, any qualified company that locates within the Route 460 Corridor  
70 Interstate 85 Connector Economic Development Zone shall be eligible to apply for a grant from the  
71 Fund. The grant may be earned for the qualified company's first two taxable years of operation within  
72 the Zone.

73 D. The amount of the grant shall an amount equal to:

74 1. Twenty-five percent of the qualified company's income tax liability attributable to income from  
75 sources within the Zone if the qualified company employs at least 25 qualified full-time employees  
76 during its first taxable year of operation within the Zone;

77 2. Fifty percent of the qualified company's income tax liability attributable to income from sources  
78 within the Zone if the qualified company employs at least 50 qualified full-time employees during its  
79 first taxable year of operation within the Zone;

80 3. Seventy-five percent of the qualified company's income tax liability attributable to income from  
81 sources within the Zone if the qualified company employs at least 75 qualified full-time employees  
82 during its first taxable year of operation within the Zone; or

83 4. One hundred percent of the qualified company's income tax liability attributable to income from  
84 sources within the Zone if the qualified company employs at least 100 qualified full-time employees  
85 during its first taxable year of operation within the Zone.

86 E. If the number of qualified full-time employees for any year during which a grant is received under  
87 this section falls below the number of qualified full-time employees during the qualified company's first  
88 taxable year of operation within the Zone, the amount of the grant for that year must be recalculated  
89 using the decreased number of qualified full-time employees.

90 F. The qualified company's income tax liability attributable to income from sources within the Zone  
91 is computed by multiplying the qualified company's tax liability for the prior year by a fraction, the  
92 numerator of which is the qualified company's taxable income from sources within the Zone, as  
93 determined under subsection I, and the denominator of which is the qualified company's taxable income  
94 from all sources within the Commonwealth. For purposes of determining the grant under this section,  
95 the qualified company's income tax liability is the amount of income tax due after taking into account  
96 any Virginia additions, subtractions, or deductions, and the apportionment of income, if applicable, but  
97 prior to applying any tax credits, payments, penalty, or interest.

98 G. For purposes of this section, a company may be deemed to have income from sources within the  
99 Zone if it has:

100 1. Items of income, gain, loss, or reduction attributable to:

101 a. The ownership of any interest in real or tangible personal property within the Zone; or

102 b. A business, trade, profession, or occupation carried on in the Zone; or

103 2. Income from intangible personal property, including annuities, dividends, interest, royalties, and  
104 gains from the disposition of intangible personal property to the extent that such income is from  
105 property employed by the taxpayer in a business, trade, profession, or occupation carried on in the  
106 Zone.

107 H. If the entire business of a qualified company within the Commonwealth is transacted or conducted  
108 within the Zone, the grant received under this section shall be computed using the entire Virginia tax  
109 liability of such company for the prior taxable year. The entire business of the company shall be deemed  
110 to have been transacted or conducted within the Zone if such company has no income from sources  
111 within any other county or city of the Commonwealth.

112 I. Any corporation having income from sources within the Zone and within other counties or cities of  
113 the Commonwealth shall allocate and apportion its Virginia taxable income as provided in §§ 58.1-407  
114 through 58.1-420, omitting the sales factor, substituting "Route 460 Corridor Interstate 85 Connector  
115 Economic Development Zone" for the words "state" or "Commonwealth," substituting "in the  
116 Commonwealth" for "everywhere," and substituting "total business in the Commonwealth" for "total  
117 business." Any qualified company other than a corporation having income from sources within the Zone  
118 and within other counties or cities of the Commonwealth shall allocate and apportion its Virginia  
119 taxable income in the same manner except that such company shall also substitute "business entity" for  
120 "corporation" in §§ 58.1-407 through 58.1-420.

121 J. No qualified company shall apply for a grant nor shall one be awarded under this section to an

122 otherwise qualified company if (i) the qualified company, a related party as defined in § 267(b) of the  
 123 Internal Revenue Code, or a trade or business under common control as defined in § 52(b) of the  
 124 Internal Revenue Code was located within the Zone prior to January 1, 2014; (ii) a credit pursuant to  
 125 § 58.1-439 or 59.1-439.12:06 is claimed for the same employees or for capital expenditures at the same  
 126 facility by the qualified company, by a related party as defined in § 267(b) of the Internal Revenue  
 127 Code, or by a trade or business under common control as defined in § 52(b) of the Internal Revenue  
 128 Code; or (iii) the qualified company was a party to a reorganization as defined in § 368(b) of the  
 129 Internal Revenue Code, and any corporation involved in the reorganization as defined in § 368(a) of the  
 130 Internal Revenue Code was located within the Zone prior to January 1, 2014, or previously received a  
 131 tax credit under this section for the same facility or operations.

132 K. Grants shall be issued in the order that each completed eligible application is received. In the  
 133 event that the amount of eligible grants requested in a fiscal year exceeds the funds available in the  
 134 Fund, such grants shall be paid in the next fiscal year in which funds are available

135 L. The Virginia Economic Development Partnership Authority, with the assistance of the Virginia  
 136 Port Authority, shall develop guidelines establishing procedures and requirements for qualifying for the  
 137 grant. The guidelines shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.).

138 § 10.1-1188. State agencies to submit environmental impact reports on major projects.

139 A. All state agencies, boards, authorities and commissions or any branch of the state government  
 140 shall prepare and submit an environmental impact report to the Department on each major state project.

141 "Major state project" means the acquisition of an interest in land for any state facility construction,  
 142 or the construction of any facility or expansion of an existing facility which is hereafter undertaken by  
 143 any state agency, board, commission, authority or any branch of state government, including  
 144 state-supported institutions of higher learning, which costs \$500,000 or more. For the purposes of this  
 145 chapter, authority shall not include any industrial development authority created pursuant to the  
 146 provisions of Chapter 49 (§ 15.2-4900 et seq.) of Title 15.2 or Chapter 643, as amended, of the 1964  
 147 Acts of Assembly. *Nor shall it include the Virginia Port Authority created pursuant to the provisions of*  
 148 *§ 62.1-128, unless such project is a capital project that costs in excess of \$5 million.* Nor shall authority  
 149 include any housing development or redevelopment authority established pursuant to state law. For the  
 150 purposes of this chapter, branch of state government shall include any county, city or town of the  
 151 Commonwealth only in connection with highway construction, reconstruction, or improvement projects  
 152 affecting highways or roads undertaken by the county, city, or town on projects estimated to cost more  
 153 than \$500,000.

154 Such environmental impact report shall include, but not be limited to, the following:

- 155 1. The environmental impact of the major state project, including the impact on wildlife habitat;
- 156 2. Any adverse environmental effects which cannot be avoided if the major state project is  
 157 undertaken;
- 158 3. Measures proposed to minimize the impact of the major state project;
- 159 4. Any alternatives to the proposed construction; and
- 160 5. Any irreversible environmental changes which would be involved in the major state project.

161 For the purposes of subdivision 4 of this subsection, the report shall contain all alternatives  
 162 considered and the reasons why the alternatives were rejected. If a report does not set forth alternatives,  
 163 it shall state why alternatives were not considered.

164 B. For purposes of this chapter, this subsection shall only apply to the review of highway and road  
 165 construction projects or any part thereof. The Secretaries of Transportation and Natural Resources shall  
 166 jointly establish procedures for review and comment by state natural and historic resource agencies of  
 167 highway and road construction projects. Such procedures shall provide for review and comment on  
 168 appropriate projects and categories of projects to address the environmental impact of the project, any  
 169 adverse environmental effects which cannot be avoided if the project is undertaken, the measures  
 170 proposed to minimize the impact of the project, any alternatives to the proposed construction, and any  
 171 irreversible environmental changes which would be involved in the project.

172 § 58.1-439.12:06. International trade facility tax credit.

173 A. As used in this section, unless the context requires a different meaning:

174 "Affiliated companies" means two or more companies related to each other so that (i) one company  
 175 owns at least 80 percent of the voting power of the other or others or (ii) the same interest owns at least  
 176 80 percent of the voting power of two or more companies.

177 "Capital investment" means the amount properly chargeable to a capital account for improvements to  
 178 rehabilitate or expand depreciable real property placed in service during the taxable year and the cost of  
 179 machinery, tools, and equipment used in an international trade facility directly related to the movement  
 180 of cargo. Capital investment includes expenditures associated with any exterior, structural, mechanical,  
 181 or electrical improvements necessary to expand or rehabilitate a building for commercial or industrial  
 182 use and excavations, grading, paving, driveways, roads, sidewalks, landscaping, or other land

183 improvements. For purposes of this section, machinery, tools, and equipment shall be deemed to include  
 184 only that property placed in service by the international trade facility on and after January 1, 2011.  
 185 Machinery, tools, and equipment excludes property (i) for which a credit under this section was  
 186 previously granted; (ii) placed in service by the taxpayer, a related party as defined in § 267(b) of the  
 187 Internal Revenue Code, as amended, or by a trade or business under common control as defined in  
 188 § 52(b) of the Internal Revenue Code, as amended; or (iii) previously in service in the Commonwealth  
 189 that has a basis in the hands of the person acquiring it, determined in whole or in part by reference to  
 190 the basis of such property in the hands of the person from whom acquired or § 1014(a) of the Internal  
 191 Revenue Code, as amended.

192 "Capital investment" shall not include:

- 193 1. The cost of acquiring any real property or building;
- 194 2. The cost of furnishings;
- 195 3. Any expenditure associated with appraisal, architectural, engineering, or interior design fees;
- 196 4. Loan fees, points, or capitalized interest;
- 197 5. Legal, accounting, realtor, sales and marketing, or other professional fees;
- 198 6. Closing costs, permit fees, user fees, zoning fees, impact fees, and inspection fees;
- 199 7. Bids, insurance, signage, utilities, bonding, copying, rent loss, or temporary facilities costs incurred  
 200 during construction;
- 201 8. Utility hook-up or access fees;
- 202 9. Outbuildings; or
- 203 10. The cost of any well or septic system.

204 "Credit year" means the first taxable year following the taxable year in which the international trade  
 205 facility commenced or expanded its operations. A separate credit year and a three-year allowance shall  
 206 exist for each distinct international trade facility of a single taxpayer.

207 "International trade facility" means a company that:

- 208 1. Is engaged in port-related activities, including, but not limited to, warehousing, distribution, freight  
 209 forwarding and handling, and goods processing;
- 210 2. Uses maritime port facilities located in the Commonwealth; and
- 211 3. Transports at least 10 percent more cargo, measured in 20-foot equivalent marine containers,  
 212 through maritime port facilities in the Commonwealth during the taxable year than was transported by  
 213 the company through such facilities during the preceding taxable year.

214 "New, permanent full-time position" means a job of indefinite duration, created by the company after  
 215 establishing or expanding an international trade facility in the Commonwealth, requiring a minimum of  
 216 35 hours of employment per week for each employee for the entire normal year of the company's  
 217 operations, or a position of indefinite duration that requires a minimum of 35 hours of employment per  
 218 week for each employee for the portion of the taxable year in which the employee was initially hired  
 219 for, or transferred to, the international trade facility in the Commonwealth. Seasonal or temporary  
 220 positions, or a job created when a job function is shifted from an existing location in the  
 221 Commonwealth to the international trade facility, and positions in building and grounds maintenance,  
 222 security, and other such positions that are ancillary to the principal activities performed by the  
 223 employees at the international trade facility shall not qualify as new, permanent full-time positions.

224 "Normal year" means at least 48 weeks in a calendar year.

225 "Qualified full-time employee" means an employee filling a new, permanent full-time position in an  
 226 international trade facility in the Commonwealth.

227 "Qualified trade activities" means the completed exportation or importation of at least one  
 228 International Organization for Standardization ocean container, with a minimum 20-foot length, through  
 229 a Virginia Port Authority-operated cargo facility. An export container must be loaded on a barge or  
 230 ocean-going vessel and an import must be discharged from a barge or ocean-going vessel at such  
 231 facility.

232 B. For taxable years beginning on and after January 1, 2011, but before January 1, ~~2015~~ 2017, a  
 233 taxpayer satisfying the requirements of this section shall be allowed a credit against the taxes imposed  
 234 by Articles 2 (§ 58.1-320 et seq.) and 10 (§ 58.1-400 et seq.). The amount of the credit earned pursuant  
 235 to this section shall be equal to either (i) ~~\$3,000~~ \$3,500 per qualified full-time employee that results  
 236 from increased qualified trade activities by the taxpayer or (ii) an amount equal to two percent of the  
 237 capital investment made by the taxpayer to facilitate the increased qualified trade activities. The election  
 238 of which tax credit amount to claim shall be the responsibility of the taxpayer. Both tax credits shall not  
 239 be claimed for the same activities that occur in a calendar year. The portion of the ~~\$3,000~~ \$3,500 credit  
 240 earned with respect to any qualified full-time employee who works in the Commonwealth for less than  
 241 12 full months during the credit year shall be determined by multiplying the credit amount by a fraction,  
 242 the numerator of which is the number of full months such employee worked for the international trade  
 243 facility in the Commonwealth during the credit year and the denominator of which is 12.

244 C. The Tax Commissioner shall issue tax credits under this section, and in no case shall the Tax

245 Commissioner issue more than \$250,000 in tax credits pursuant to this section in any fiscal year of the  
 246 Commonwealth. If the amount of tax credits requested under this section for any taxable year exceeds  
 247 \$250,000, such credits shall be allocated proportionately among all qualified taxpayers. The Tax  
 248 Commissioner shall not issue tax credits under this section subsequent to the Commonwealth's fiscal  
 249 year ending on June 30, ~~2015~~ 2017. The taxpayer shall not be allowed to claim any tax credit under this  
 250 section unless it has applied to the Department for the tax credit and the Department has approved the  
 251 credit. The Department shall determine the credit amount allowable for the taxable year and shall  
 252 provide a written certification to the taxpayer, which certification shall report the amount of the tax  
 253 credit approved by the Department. The taxpayer shall attach the certification to the applicable income  
 254 tax return.

255 D. The amount of the credit allowed pursuant to this section shall not exceed 50 percent of the tax  
 256 imposed for the taxable year. Any remaining credit amount may be carried forward for the next 10  
 257 taxable years. In the event a taxpayer who is subject to the limitation imposed pursuant to this  
 258 subsection is allowed a different tax credit pursuant to another section of the Code, or has a credit carry  
 259 forward from a preceding taxable year, such taxpayer shall be considered to have first utilized any credit  
 260 that does not have a carry forward provision, and then any credit carried forward from a preceding  
 261 taxable year, before using any of the credit allowed pursuant to this section.

262 E. No credit shall be earned for any employee (i) for whom a credit under this section was  
 263 previously earned by a related party as defined in § 267(b) of the Internal Revenue Code, as amended,  
 264 or a trade or business under common control as defined in § 52(b) of the Internal Revenue Code, as  
 265 amended; (ii) who was previously employed in the same job function in Virginia by a related party as  
 266 defined in § 267(b) of the Internal Revenue Code, as amended, or a trade or business under common  
 267 control as defined in § 52(b) of the Internal Revenue Code, as amended; (iii) whose job function was  
 268 previously performed at a different location in Virginia by an employee of the taxpayer, by a related  
 269 party as defined in § 267(b) of the Internal Revenue Code, as amended, or by a trade or business under  
 270 common control as defined in § 52(b) of the Internal Revenue Code, as amended; or (iv) whose job  
 271 function previously qualified for a credit under this section at a different major business facility, as  
 272 defined in subsection C of § 58.1-439, on behalf of the taxpayer, by a related party as defined in  
 273 § 267(b) of the Internal Revenue Code, as amended, or a trade or business under common control as  
 274 defined in § 52(b) of the Internal Revenue Code, as amended.

275 F. For purposes of this section, the amount of any credit attributable to a partnership, electing small  
 276 business corporation (S corporation), or limited liability company shall be allocated to the individual  
 277 partners, shareholders, or members, respectively, in proportion to their ownership or interest in such  
 278 business entities.

279 G. For purposes of this section, two or more affiliated companies may elect to aggregate the number  
 280 of jobs created for qualified full-time employees or the amounts of capital investments as the result of  
 281 the establishment or expansion by the individual companies in order to qualify for the credit allowed  
 282 herein.

283 H. Recapture of the credit amount, under the following circumstances, shall be accomplished by  
 284 increasing the tax in any of the five years succeeding the taxable year in which a credit has been earned  
 285 pursuant to this section if the number of qualified full-time employees falls below the average number  
 286 of qualified full-time employees during the taxable year. The tax increase amount shall be determined by  
 287 (i) recalculating the credit that would have been earned for the original taxable year using the decreased  
 288 number of qualified full-time employees and (ii) subtracting the recalculated credit amount from the  
 289 amount previously earned. In the event that the average number of qualified full-time employees  
 290 employed at an international trade facility falls below the number employed by the taxpayer prior to  
 291 claiming any credits pursuant to this section in any of the five taxable years succeeding the year in  
 292 which the credits were earned, all credits earned with respect to the international trade facility shall be  
 293 recaptured. No credit amount shall be recaptured more than once pursuant to this subsection. Any  
 294 recapture pursuant to this subsection shall reduce credits earned but not yet allowed, and credits allowed  
 295 but carried forward, before the taxpayer's tax liability is increased.

296 I. International trade facilities that create jobs or make capital investments in a tobacco-dependent  
 297 locality, as defined in subsection A of § 58.1-439.13, shall be entitled to tax credits twice the amount in  
 298 subsection B to the extent moneys from the Tobacco Indemnification and Community Revitalization  
 299 Fund, established under § 3.2-3106, are deposited into the Technology Initiative in Tobacco-Dependent  
 300 Localities Fund (the Fund), established under § 58.1-439.15, for the purpose of funding this credit. If the  
 301 amount of credits allowable pursuant to this section exceeds the amount deposited in the Fund for any  
 302 fiscal year, such credits shall be allocated to taxpayers on a pro rata basis by the Department of  
 303 Taxation for such year.

304 J. The Tax Commissioner shall issue guidelines that are necessary and desirable to carry out the  
 305 provisions of this section, including (i) the computation, carryover, and recapture of the credits provided

306 under this section; (ii) the establishment of criteria for (a) international trade facilities, (b) qualified  
307 full-time employees at such facilities, and (c) capital investments; and (iii) the computation, carryover,  
308 recapture, and redemption of the credit by affiliated companies. Such guidelines shall be exempt from  
309 the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).

310 § 58.1-439.12:09. Barge and rail usage tax credit.

311 A. As used in this section:

312 "International trade facility" means a company that:

313 1. Is doing business in the Commonwealth and engaged in port-related activities, including but not  
314 limited to warehousing, distribution, freight forwarding and handling, and goods processing;

315 2. Has the sole discretion and authority to move cargo in containers originating or terminating in the  
316 Commonwealth;

317 3. Uses maritime port facilities located in the Commonwealth; and

318 4. Uses barges and rail systems to move cargo containers through port facilities in the  
319 Commonwealth rather than trucks or other motor vehicles on the Commonwealth's highways.

320 B. For taxable years beginning on and after January 1, 2011, but before January 1, ~~2015~~ 2017, a  
321 company that is an international trade facility shall be allowed a credit against the taxes imposed by  
322 Articles 2 (§ 58.1-320 et seq.), 6 (§ 58.1-360 et seq.), and 10 (§ 58.1-400 et seq.) of this chapter;  
323 Chapter 12 (§ 58.1-1200 et seq.); Article 1 (§ 58.1-2500 et seq.) of Chapter 25; or Article 2 (§ 58.1-2620  
324 et seq.) of Chapter 26. The amount of the credit shall be \$25 per 20-foot equivalent unit (TEU) *or 16*  
325 *tons of noncontainerized cargo* moved by barge or rail rather than by trucks or other motor vehicles on  
326 the Commonwealth's highways.

327 C. The Tax Commissioner shall issue tax credits under this section, and in no case shall the Tax  
328 Commissioner issue more than \$1.5 million in tax credits pursuant to this section in any fiscal year of  
329 the Commonwealth. In addition, the Tax Commissioner shall not issue tax credits under this section  
330 subsequent to the Commonwealth's fiscal year ending on June 30, ~~2015~~ 2017. The international trade  
331 facility shall not be allowed to claim any tax credit under this section unless it has applied to the  
332 Department for the tax credit and the Department has approved the credit. The Department shall  
333 determine the credit amount allowable for the year and shall provide a written certification to the  
334 international trade facility, which certification shall report the amount of the tax credit approved by the  
335 Department. The international trade facility shall attach the certification to the applicable tax return.

336 D. For purposes of this section, the amount of any credit attributable to a partnership, electing small  
337 business corporation (S corporation), or limited liability company shall be allocated to the individual  
338 partners, shareholders, or members, respectively, in proportion to their ownership or interest in such  
339 business entities.

340 E. Any credit not usable for the taxable year may be carried over for the next five taxable years or  
341 until such credit is fully taken, whichever occurs first. The amount of the credit allowed pursuant to this  
342 section shall not exceed the tax imposed for such taxable year. No credit shall be carried back to a  
343 preceding taxable year. If a taxpayer that is subject to the tax limitation imposed pursuant to this  
344 subsection is allowed another credit pursuant to any other section of this Code or has a credit carryover  
345 from a preceding taxable year, such taxpayer shall be considered to have first utilized any credit allowed  
346 that does not have a carryover provision, and then any credit that is carried forward from a preceding  
347 taxable year, before using any credit allowed pursuant to this section.

348 F. The Tax Commissioner shall issue guidelines that are necessary and desirable to carry out the  
349 provisions of this section, including (i) the computation and carryover of the credits provided under this  
350 section and (ii) the establishment of criteria for international trade facilities. Such guidelines shall be  
351 exempt from the Administrative Process Act (§ 2.2-4000 et seq.).

352 § 58.1-439.12:10. Virginia port volume increase tax credit.

353 A. As used in this section, unless the context indicates otherwise:

354 "Base year port cargo volume" means the total amount of net tons of noncontainerized cargo or  
355 TEUs of cargo actually transported by way of a waterborne ship or vehicle through a port facility during  
356 the period from January 1, 2010, through December 31, 2010. Base year port cargo volume must be at  
357 least 75 net tons of noncontainerized cargo or 10 loaded TEUs for a taxpayer to be eligible for the  
358 credits provided in this section. For a taxpayer that does not ship that amount in the year ending  
359 December 31, 2010, including a taxpayer who locates in Virginia after December 31, 2010, its base  
360 cargo volume will be measured by the initial January 1 through December 31 calendar year in which it  
361 meets the requirements of 75 net tons of noncontainerized cargo or 10 loaded TEUs. Base year port  
362 cargo volume must be recalculated each calendar year after the initial base year.

363 "Major facility" means a new facility to be located in Virginia that is projected to import or export  
364 cargo through a port in excess of 25,000 TEUs in its first calendar year.

365 "Port cargo volume" means the total amount of net tons of noncontainerized cargo or containers  
366 measured in TEUs of cargo transported by way of a waterborne ship or vehicle through a port facility.

367 "Port facility" means any publicly or privately owned facility located within the Commonwealth

368 through which cargo is transported by way of a waterborne ship or vehicle to or from destinations  
369 outside the Commonwealth and which handles cargo owned by third parties in addition to cargo owned  
370 by the port facility's owner.

371 "TEU" or ~~"twenty-foot~~ 20-foot equivalent unit" means a volumetric measure based on the size of a  
372 container that is 20 feet long by eight feet wide by eight feet, six inches high.

373 B. 1. For taxable years beginning on and after January 1, 2011, but before January 1, ~~2016~~ 2017, a  
374 taxpayer engaged in the manufacturing of goods or the distribution of manufactured goods that uses port  
375 facilities in the Commonwealth and increases its port cargo volume at these facilities by a minimum of  
376 five percent in a single calendar year over its base year port cargo volume is eligible to claim a credit  
377 against the tax levied pursuant to §§ 58.1-320 and 58.1-400 in an amount determined by the Virginia  
378 Port Authority. The Virginia Port Authority may waive the requirement that port cargo volume be  
379 increased by a minimum of five percent over base year port cargo volume for any taxpayer that qualifies  
380 as a major facility.

381 2. Qualifying taxpayers that increase their port cargo volume by a minimum of five percent in a  
382 qualifying calendar year shall receive a \$50 credit against the tax levied pursuant to §§ 58.1-320 and  
383 58.1-400 for each TEU above the base year port cargo volume. A qualifying taxpayer that is a major  
384 facility as defined in this section shall receive a \$50 credit against the tax levied pursuant to §§ 58.1-320  
385 and 58.1-400 for each TEU transported through a port facility during the major facility's first calendar  
386 year. A qualifying taxpayer may not receive more than \$250,000 for each calendar year except as  
387 provided for in subdivision C 2. The maximum amount of credits allowed for all qualifying taxpayers  
388 pursuant to this section shall not exceed \$3.2 million for each calendar year. The Virginia Port Authority  
389 shall allocate the credits pursuant to the provisions in subdivisions C 1 and C 2.

390 3. If the credit exceeds the taxpayer's tax liability for the taxable year, the excess amount may be  
391 carried forward and claimed against income taxes in the next five succeeding taxable years.

392 4. The credit may be claimed by the taxpayer as provided in subdivision 1 only if the taxpayer owns  
393 the cargo at the time the port facilities are used.

394 C. 1. For every year in which a taxpayer claims the credit, the taxpayer shall submit an application  
395 to the Virginia Port Authority by March 1 of the calendar year after the calendar year in which the  
396 increase in port cargo volume occurs. The taxpayer shall attach a schedule to the taxpayer's application  
397 to the Virginia Port Authority with the following information and any other information requested by the  
398 Virginia Port Authority or the Department:

399 a. A description of how the base year port cargo volume and the increase in port cargo volume were  
400 determined;

401 b. The amount of the base year port cargo volume;

402 c. The amount of the increase in port cargo volume for the taxable year stated both as a percentage  
403 increase and as a total increase in net tons of noncontainerized cargo and TEUs of cargo, including  
404 information that demonstrates an increase in port cargo volume in excess of the minimum amount  
405 required to claim the tax credits pursuant to this section;

406 d. Any tax credit utilized by the taxpayer in prior years; and

407 e. The amount of tax credit carried over from prior years.

408 2. If on March 15 of each year the \$3.2 million amount of credit is not fully allocated among  
409 qualifying taxpayers, then those taxpayers who have been allocated a credit for the prior year shall be  
410 allowed a pro rata share of the remaining allocated credit up to \$3.2 million. If on March 15 of each  
411 year, the cumulative amount of tax credits requested by qualifying taxpayers for the prior year exceeds  
412 \$3.2 million, then the \$3.2 million in credits shall be prorated among the qualifying taxpayers who  
413 requested the credit.

414 3. The taxpayer shall claim the credit on its income tax return in a manner prescribed by the  
415 Department. The Department may require a copy of the certification form issued by the Virginia Port  
416 Authority be attached to the return or otherwise provided.

417 D. Credits granted to a partnership, limited liability company, or electing small business corporation  
418 (S corporation) shall be allocated to the individual partners, members, or shareholders, respectively, in  
419 proportion to their ownership interests in such business entities.

420 § 62.1-129. Board of Commissioners; members and officers; Executive Director; agents and  
421 employees.

422 A. All powers, rights and duties conferred by this chapter, or other provisions of law, upon the  
423 Authority shall be exercised by the Board of Commissioners of the Virginia Port Authority, hereinafter  
424 referred to as Board or Board of Commissioners. The Board shall consist of the State Treasurer and  
425 ~~eleven~~ 11 members appointed by the Governor, subject to confirmation by the General Assembly, who  
426 shall serve at the pleasure of the Governor. The terms of members of the Board of Commissioners  
427 appointed or reappointed by the Governor on or after January 1, 1981, shall be for five years. Any  
428 appointment to fill a vacancy shall be for the unexpired term. Members of the Board shall receive their

429 expenses and shall be compensated at the rate provided in § 2.2-2813 for each day spent on business of  
 430 the Board. No member appointed by the Governor shall be eligible to serve more than two successive  
 431 terms. A person heretofore or hereafter appointed to fill a vacancy may be appointed to serve two  
 432 additional terms. Beginning with those members of the Board of Commissioners appointed or  
 433 reappointed by the Governor on or after January 1, 1981: (i) appointments shall be made by the  
 434 Governor in such a manner as to ensure the widest possible geographical representation of all parts of  
 435 the Commonwealth, and (ii) no resident of the Cities of Chesapeake, Hampton, Newport News, Norfolk,  
 436 Portsmouth, or Virginia Beach shall be eligible for appointment or reappointment to the Board of  
 437 Commissioners if his appointment or reappointment would increase or maintain the number of members  
 438 of the Board of Commissioners residing in such cities above the number of three. One of the members  
 439 appointed or reappointed from the cities previously mentioned in this section shall be a resident of the  
 440 City of Portsmouth or the City of Chesapeake, one of the members appointed or reappointed shall be a  
 441 resident of the City of Norfolk or the City of Virginia Beach, and one of the members appointed or  
 442 reappointed shall be a resident of the City of Newport News or the City of Hampton. *All members*  
 443 *should have executive level experience in one of the following industries: agriculture, distribution and*  
 444 *warehousing, manufacturing, logistics and transportation, mining, marketing, legal, financial, and*  
 445 *transportation infrastructure.*

446 The Board shall elect from its membership a chairman and vice-chairman and may also elect from its  
 447 membership, or appoint from its staff, a secretary and treasurer and prescribe their powers and duties.

448 The Board of Commissioners shall appoint the chief executive officer of the Authority, who shall not  
 449 be a member of the Board, who shall be known as the Executive Director and who shall serve at the  
 450 pleasure of the Board. The Executive Director's compensation from the Commonwealth shall be fixed by  
 451 the Board in accordance with law. This compensation shall be established at a level which will enable  
 452 the Authority to attract and retain a capable Executive Director.

453 The Board may also appoint from the staff an assistant secretary and an assistant treasurer, who  
 454 shall, in addition to other duties, discharge such functions of the secretary and treasurer, respectively, as  
 455 may be directed by the Board.

456 *B. The Board may, at its discretion and from time to time, also form a Maritime Advisory Council,*  
 457 *consisting of representatives from the maritime industry, to provide advice and counsel to the Board of*  
 458 *Commissioners on all matters associated with the Authority with the exception of the annual budget and*  
 459 *personnel issues.*

460 § 62.1-132.3:1. *Port Opportunity Fund.*

461 *A. There is hereby created in the state treasury a special nonreverting fund that is a subfund of the*  
 462 *Commonwealth Port Fund, known as the Port Opportunity Fund, hereinafter referred to as the Fund.*  
 463 *The Fund shall be established on the books of the Comptroller. Disbursements from the Fund shall be*  
 464 *made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the*  
 465 *Executive Director of the Virginia Port Authority or his designee. Interest earned on moneys in the*  
 466 *Fund shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be*  
 467 *used solely for the purposes enumerated in subsection C.*

468 *B. If the Authority's revenues from terminal operations during a fiscal year exceed its terminal*  
 469 *operating expenditures for that year by at least five percent, the Authority shall request that the State*  
 470 *Treasurer transfer to the Port Opportunity Fund an amount equal to five percent of that year's revenues*  
 471 *from terminal operations. Such requests are to be made by August 30 of the ensuing fiscal year.*

472 *C. Revenues in the Fund shall be used to fund the development and implementation of a national*  
 473 *and international marketing program and to provide incentives, as prescribed by the Board of*  
 474 *Commissioners, for expanding the use of Virginia Port Authority facilities for the import and export of*  
 475 *containerized and noncontainerized cargoes.*

476 *D. The Authority shall develop, and the Board of Commissioners approve, regulations governing the*  
 477 *use of incentives that comply with applicable Virginia laws.*

478 § 62.1-139. Forms of accounts and records; annual report.

479 *A. The accounts and records of the Authority showing the receipt and disbursement of funds from*  
 480 *whatever source derived, shall be in such a form as the Auditor of Public Accounts prescribes*  
 481 *prescribed by governmental generally accepted accounting principles. Such accounts shall correspond as*  
 482 *nearly as possible to the accounts and records for such matters maintained by corporate enterprises.*

483 *B. The accounts of the Authority shall be audited annually by a certified public accounting firm*  
 484 *selected by the Auditor of Public Accounts with the assistance of the Authority through a process of*  
 485 *competitive negotiation. The cost of such audit and review shall be borne by the Authority.*

486 *C. The General Assembly may request the Auditor of Public Accounts to conduct audits at any time.*

487 *D. The Authority shall submit an annual report to the Governor and General Assembly on or before*  
 488 *November 1 of each year. Such report shall contain the audited annual financial statements of the*  
 489 *Authority for the year ending the preceding June 30.*

490 **2. That the Department of Taxation shall submit a report concerning the tax credit set forth in**

491 §§ 58.1-439.12:06, 58.1-439.12:09, and 58.1-439.12:10 of the Code of Virginia to the House  
492 Committee on Appropriations, the House Committee on Finance, and the Senate Committee on  
493 Finance no later than November 15 of the year immediately preceding any taxable year or  
494 calendar year in which the credit is due to expire. Such report shall include (i) the number of  
495 persons, corporations, or other classes of taxpayers claiming the tax credit in each of the  
496 immediately preceding five years, (ii) the aggregate amount of credits claimed in each of the  
497 preceding five years by each class of taxpayers, (iii) the average amount of the credit claimed by  
498 each class of taxpayers in each of the preceding five years, (iv) the average amount of taxes paid,  
499 after claiming any credits or deductions, by each class of taxpayers claiming the tax credit in each  
500 of the preceding five years, (v) any noted trends in the use of the tax credit, and (vi) any other  
501 information deemed relevant by the Department of Taxation. All other agencies of the  
502 Commonwealth involved in the administration of the tax credit shall provide any information  
503 requested by the Department of Taxation to assist in the formulation of the report.

504 3. That the provisions of this act implementing the Route 460 Corridor Interstate 85 Connector  
505 Economic Development Zone Grant Fund and Program shall not become effective unless an  
506 appropriation of general funds effectuating the purposes of this act regarding the Route 460  
507 Corridor Interstate 85 Connector Economic Development Zone Grant Fund and Program are  
508 included in a general appropriation act passed by the 2012 Session of the General Assembly,  
509 which becomes law.