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**HOUSE BILL NO. 1191****AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Appropriations  
on February 7, 2014)

(Patron Prior to Substitute—Delegate Massie)

A *BILL to amend the Code of Virginia by adding a section numbered 2.2-206.1, relating to annual report; evaluation of the effectiveness of economic development incentive grants.*

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding a section numbered 2.2-206.1 as follows:**

**§ 2.2-206.1. Economic incentive grant programs; responsibilities of the Secretary.**

A. By July 15 of each year, the agencies listed in subdivisions B 1 through 7 shall report the information outlined in subsection C to the Secretary of Commerce and Trade for the three prior calendar or fiscal years, as applicable, so that the Secretary may develop and issue a report on the effectiveness of economic development incentive grant programs administered by the Commonwealth in meeting performance goals and stimulating economic activity.

By September 15 of each year, the Secretary shall submit the draft report to the Joint Legislative Audit and Review Commission for its review of the accuracy of the information contained in the report and the effectiveness of the evaluation methods.

The Joint Legislative Audit and Review Commission shall provide its comments on the content of the report and the Secretary's analysis to the Secretary, and such comments shall be included as an appendix to the final report, which shall be submitted to the Chairmen of the House Appropriations and Senate Finance Committees by November 15 of each year.

B. The report shall include a review of allocations from the following economic development incentive programs and funds for the previous three calendar or fiscal years, as applicable, as follows:

1. Virginia Economic Development Partnership: Advanced Shipbuilding Training Facility Grant Program, Aerospace Engine Manufacturing Performance Grant Program, Clean Energy Manufacturing Incentive Grant Program, Governor's Development Opportunity Fund, Investment Partnership Grant subfund, Major Eligible Employer Grant subfund, Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program, Specialized Biotechnology Research Performance Grant Program, Economic Development Incentive Grant subfund, and any customized incentive grants;

2. Department of Small Business and Supplier Diversity: Virginia Jobs Investment Program;

3. Department of Housing and Community Development: Enterprise Zone Job Creation and Real Property Investment Grant Programs;

4. Tobacco Indemnification and Community Revitalization Commission: Tobacco Region Opportunity Fund;

5. Virginia Tourism Authority: Governor's Motion Picture Opportunity Fund;

6. Virginia Port Authority: Port of Virginia Economic and Infrastructure Development Zone Grant Program; and

7. Innovation and Entrepreneurship Investment Authority: Growth Acceleration Program.

C. The report shall assess the effectiveness of allocations made for each program listed in subsection B. Each agency administering programs outlined in subsection B shall submit the applicable data regarding jobs, wages, capital investment, and any other related information requested by the Secretary of Commerce and Trade for purposes of evaluating economic development incentive programs in meeting their performance goals and stimulating economic activity.

For each program, the report shall include (i) an explanation of the overall goals of the program, describing whether the program is focused on job creation and capital investment or investments are governed by ancillary goals of community development and revitalization or the development of a particular industry sector in the Commonwealth; (ii) for each of the previous three calendar or fiscal years, as applicable, summary information, including the total amount of grant funding made available for the program, the total dollar amount of the grants awarded, the total number of grants awarded, the average dollar amount approved per job and average wage expected, where applicable, and any grant amounts repaid; (iii) for each of the three previous calendar or fiscal years, as applicable, for projects that have reached completion or a performance milestone, a comparison of the project's actual performance measures, including the actual number of jobs created, the average wages paid, and the amount of capital investment, with the expected number of jobs, assumed average wage, and planned capital investment when the grant award was made, and the proportion of projects that met or exceeded the project-specific goals relevant to the program; (iv) for each of the three previous calendar or fiscal years, as applicable, for all projects that have reached completion or a performance milestone, an assessment of the actual rate of return on the Commonwealth's investment compared with the expected

60 rate of return when the grant award was made; (v) for each project that has reached completion or a  
61 performance milestone, an estimate of the project's total economic impact measured by the Virginia  
62 Economic Development Partnership Authority on the basis of estimated state tax revenues generated  
63 directly or indirectly by the project, where applicable; and (vi) for any project that reached completion  
64 five calendar or fiscal years, as applicable, prior to the year of the report, a final comparison of jobs  
65 reported by companies at the time of completion and jobs at the end of the most recent calendar year,  
66 and a final comparison of the project's rate of return at the time of completion and a five-year rate of  
67 return based on the most recent job levels.