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SENATE BILL NO. 1658

Senate Amendments in [] - January 31, 2019

A *BILL to amend and reenact §§ 3.2-3103 and 3.2-3108 of the Code of Virginia, relating to Tobacco Indemnification and Community Revitalization Fund; investments in Virginia Venture Capital Accounts.*

Patron Prior to Engrossment—Senator Chafin

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:1. **That §§ 3.2-3103 and 3.2-3108 of the Code of Virginia are amended and reenacted as follows:****§ 3.2-3103. Powers and duties of the Tobacco Region Revitalization Commission.**

A. The Commission shall have the power and duty to:

1. Adopt, use, and alter at will an official seal;

2. Make bylaws for the management and regulation of its affairs;

3. Maintain an office at such place or places within the Commonwealth as it may designate;

4. Accept, hold, and administer moneys, grants, securities, or other property transferred, given, or bequeathed to the Commission, absolutely or in trust, for the purposes for which the Commission is created;

5. Determine how moneys in the Fund are to be distributed;

6. Authorize grants, loans, or other distributions of moneys in the Fund for the purposes set forth in this chapter;

7. For each economic development grant or award, including a grant from the Tobacco Region Opportunity Fund, require a dollar-for-dollar match from non-Commission sources, *provided that a match shall not be required for an investment in Virginia venture capital accounts pursuant to the provisions of subdivision A 3 of § 3.2-3108*. Performance bonds shall be considered acceptable matching payment. No more than 25 percent of the match shall be in-kind. However, a match of less than 50 percent may be considered by a two-thirds majority vote of the Commission;

8. Adopt policies governing the Tobacco Region Opportunity Fund, including a repayment policy. The Commission shall apply the policies consistently;

9. Enter into a contractual or employment agreement with a financial viability manager (the Manager). The management agreement shall require the Manager to provide a written financial viability and feasibility report to the Commission as to the financial propriety of certain loans, grants, or other distributions of money made for the revitalization of a tobacco-dependent locality as proposed in accordance with the Commission's strategic objectives. The Commission shall not make any loan, except a loan made through the Virginia Tobacco Region Revolving Fund created in Chapter 31.1 (§ 3.2-3112 et seq.); grant; or other distribution of money until the Manager has provided the Commission with a written recommendation as to the financial viability and feasibility of the proposed distribution of funds. However, nothing in this section shall eliminate consideration of strategic economic initiatives;

10. Make and execute contracts and all other instruments and agreements necessary or convenient for the exercise of its powers and functions;

11. Invest its funds as provided in this chapter or permitted by applicable law, *including investing in Virginia venture capital accounts pursuant to the provisions of subdivision A 3 of § 3.2-3108*; and

12. Do any lawful act necessary or appropriate to carry out the powers herein granted or reasonably implied, including use of whatever lawful means may be necessary and appropriate to recover any payments wrongfully made from the Fund.

B. The Commission shall undertake studies and gather information and data in order to determine: (i) the economic consequences of the reduction in or elimination of quota for tobacco growers; (ii) the potential for alternative cash crops; and (iii) any other matters the Commission believes will affect tobacco growers in the Commonwealth.

C. The Commission shall at least biennially develop a strategic plan containing specific priorities, measureable goals, and quantifiable outcomes. In developing the Strategic Plan, the Commission shall solicit input from local and regional economic developers, the Virginia Department of Agriculture and Consumer Services, the Virginia Economic Development Partnership, the Virginia Department of Housing and Community Development, the Virginia Tourism Authority, the Virginia Resources Authority, and the Center for Rural Virginia. The Strategic Plan shall state how each Fund award is consistent with the Commission's achievement of measurable goals and outcomes and its advancement of the specific priorities of the Strategic Plan. The Strategic Plan shall also state how awards from the

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59 Fund are projected to affect key economic indicators of employment, income, educational attainment,
60 amount of Virginia-grown agricultural and forestal products used by the project, and return on
61 investment.

62 D. The Commission shall develop a publicly available online database of all Commission awards,
63 listing for each project the project's goals, the means by which the project fits into the Strategic Plan,
64 the project's expected and achieved outcomes, and the total amount of funding the Commission has
65 awarded to the project through any prior grants.

66 E. The Commission shall submit a report annually to the Governor and the General Assembly.

67 **§ 3.2-3108. Distribution of Fund.**

68 A. The Fund shall be distributed by the Commission for the following purposes:

69 1. The stimulation of economic growth and development in tobacco-dependent communities in an
70 equitable manner throughout the Southside and Southwest regions of the Commonwealth, to assist such
71 communities in reducing their dependency on, or finding alternative uses for, tobacco and
72 tobacco-related business; ~~and~~

73 2. Scientific research performed at one of the Commonwealth's National Cancer Institute-designated
74 research institutes designed to advance the treatment and prevention of cancers that directly impact the
75 citizens of tobacco-dependent communities throughout the Southside and Southwest regions of the
76 Commonwealth; *and*

77 3. *Investment of up to 10 percent of the [disbursements from the Fund for a fiscal year available*
78 *balance from the taxable portion of the Fund as of July 1, 2019,] in Virginia venture capital accounts*
79 *certified by the Department of Taxation pursuant to the provisions of subdivision 27 of § 58.1-322.02 or*
80 *subdivision 25 of § 58.1-402.*

81 B. The Commission may require that as a condition of receiving any grant or loan incentive that is
82 based on employment goals, a recipient company must provide copies of employer quarterly payroll
83 reports provided to the Virginia Employment Commission to verify the employment status of any
84 position included in the employment goal.

85 The Commission shall require that each project have an accountability matrix. For an economic
86 development program, the matrix shall be based on return on investment, jobs, wages, and capital
87 investment. For a scholarship program, the matrix shall be based on attainment of bachelor's degrees,
88 credentials, or jobs. For a health care program, the matrix shall be based on health care outcomes. For
89 an agriculture or forestry program, the matrix shall be based on jobs, capital investment, amount of
90 Virginia-grown agricultural and forestal products used by the project, projected impact on agricultural
91 and forestal producers, and a return on investment analysis.

92 The Commission shall require each applicant to provide with its application (i) baseline figures, (ii)
93 explicit and quantified outcome expectations, (iii) the method used to calculate outcome expectations,
94 (iv) details on the timing of the expected outcomes, and (v) a specific link to economic revitalization
95 and the Strategic Plan.

96 The Commission shall require that as a condition of receiving any grant or loan incentive each
97 project (a) demonstrate how it will address low employment levels, per capita income, educational
98 attainment, or other workforce indicators; (b) be consistent with the Strategic Plan; and (c) receive a
99 written recommendation as to its financial viability and feasibility from the Manager pursuant to
100 subdivision A 9 of § 3.2-3103.