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SENATE BILL NO. 1732

Offered January 16, 2019

A *BILL to amend and reenact §§ 30-309 through 30-312 of the Code of Virginia, relating to the MEI Commission; incentives for episodic television series.*

Patron—Ruff

Referred to Committee on Rules

Be it enacted by the General Assembly of Virginia:

1. That §§ 30-309 through 30-312 of the Code of Virginia are amended and reenacted as follows:

§ 30-309. MEI Project Approval Commission; membership; terms; compensation and expenses; definition.

A. The MEI Project Approval Commission (the Commission) is established as an advisory commission in the legislative branch of state government. The purpose of the Commission shall be to review financing for individual incentive packages, including but not limited to packages offering tax incentives, for economic development projects (including but not limited to MEI projects) *and episodic television series* for which (i) one or more of the incentives in the incentive package is not authorized under current law or an amendment by the General Assembly is being sought to one or more currently existing incentives included as part of the incentive package or (ii) the aggregate amount of incentives to be provided by the Commonwealth in the incentive package including grants, tax incentives such as credits and exemptions, general or nongeneral funds, proceeds from bonds, rights to lease property at below fair market value, or any other incentives from the Commonwealth is in excess of \$10 million in value.

B. The Commission shall consist of 10 members as follows: five members of the House Committee on Appropriations or the House Committee on Finance appointed by the chair of the House Committee on Appropriations and three members of the Senate Committee on Finance appointed by the chair of the Senate Committee on Finance. In addition, the Secretaries of Finance and Commerce and Trade shall serve as ex officio, nonvoting members of the Commission.

C. Members shall serve terms coincident with their terms of office. Vacancies for unexpired terms shall be filled in the same manner as the original appointments. Members may be reappointed for successive terms.

D. The members of the Commission shall elect a chairman and vice-chairman annually. A majority of the voting members of the Commission shall constitute a quorum. The meetings of the Commission shall be held at the call of the chairman or whenever the majority of the members so request.

E. Legislative members of the Commission shall receive such compensation as provided in § 30-19.12, and nonlegislative members shall receive such compensation as provided in § 2.2-2813.

F. As used in this chapter, "MEI project" means the same as that term is defined in § 2.2-2260.

§ 30-310. Review of incentive packages.

A. 1. The Commission shall review individual incentive packages, including but not limited to packages offering tax incentives, for economic development projects (including but not limited to MEI projects) *and episodic television series* for which (i) one or more of the incentives in the incentive package is not authorized under current law or an amendment by the General Assembly is being sought to one or more currently existing incentives included as part of the incentive package or (ii) the aggregate amount of incentives to be provided by the Commonwealth in the incentive package including grants, tax incentives such as credits and exemptions, general or nongeneral funds, proceeds from bonds, rights to lease property at below fair market value, or any other incentives from the Commonwealth is in excess of \$10 million in value. The Commission shall also review economic development projects in which a business relocates or expands its operations in one or more Virginia localities and simultaneously closes its operations or substantially reduces the number of its employees in another Virginia locality. The Commission shall recommend approval or denial of such packages and projects to the General Assembly. Factors that shall be considered by the Commission in its review shall include, but not be limited to, (i) return on investment; (ii) the time frame for repayment of incentives to the Commonwealth; (iii) the average wages of the jobs created by the prospective MEI project or other economic development project, *or episodic television series*; (iv) the amount of capital investment that is required; and (v) the need for enhanced employment opportunities in the prospective location of the prospective MEI project or other economic development project, *or episodic television series*.

2. a. Any time a proposed individual incentive package is to be considered by the Commission, materials outlining (i) the value of the proposed incentives, (ii) assumed return on investment, (iii) the

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59 time frame for repayment of incentives to the Commonwealth, (iv) *the* average wages of the jobs created
60 by the prospective MEI project ~~or~~, other economic development project, *or episodic television series*, (v)
61 the amount of capital investment that is required, and (vi) the need for enhanced employment
62 opportunities in the prospective location of the prospective MEI project ~~or~~, other economic development
63 project, *or episodic television series* shall be provided to the Commission members not less than 48
64 hours prior to the scheduled Commission meeting.

65 b. The timing of any request for an endorsement of a proposed individual incentive package should
66 be scheduled so that the MEI Commission could, at its discretion, have up to seven days subsequent to
67 the presentation of the incentive package prior to endorsing or rejecting such proposal.

68 B. An affirmative vote by three of the five members of the Commission from the House of Delegates
69 and two of the three members of the Commission from the Senate shall be required to endorse any
70 incentive package, including but not limited to packages offering tax incentives, for economic
71 development projects (including but not limited to MEI projects) *and episodic television series* for which
72 (i) one or more of the incentives in the incentive package is not authorized under current law or an
73 amendment by the General Assembly is being sought to one or more currently existing incentives
74 included as part of the incentive package or (ii) the aggregate amount of incentives to be provided by
75 the Commonwealth in the incentive package, including grants, tax incentives such as credits and
76 exemptions, general or nongeneral funds, proceeds from bonds, rights to lease property at below fair
77 market value, or any other incentives from the Commonwealth, is in excess of \$10 million in value.
78 Such vote shall also be required to endorse any economic development project in which a business
79 relocates or expands its operations in one or more Virginia localities and simultaneously closes its
80 operations or substantially reduces the number of its employees in another Virginia locality.

81 **§ 30-311. Staff; cooperation from other state agencies.**

82 Administrative staff support shall be provided by the staffs of the House Committee on
83 Appropriations and the Senate Finance Committee. Additional assistance as needed shall be provided by
84 the Auditor of Public Accounts, the Virginia Economic Development Authority, *the Virginia Film*
85 *Office*, or the Virginia Public Building Authority.

86 **§ 30-312. Commission report to General Assembly.**

87 The Commission shall report annually by the first day of each General Assembly Regular Session on
88 all endorsed incentive packages for which an offer has been made and publicly announced. Staff
89 identified in § 30-311 shall assist the commission in preparing such report, which shall contain the
90 following information: (i) the industrial sector of the MEI project ~~or~~, other economic development
91 project, *or episodic television series*; (ii) known competitor states; (iii) employment creation and capital
92 investment expectations; (iv) anticipated average annual wage of the new jobs; (v) local and state
93 returns on investment as prepared by the Virginia Economic Development Partnership Authority; *or the*
94 *Virginia Film Office*; (vi) expected time frame for repayment of the incentives to the Commonwealth in
95 the form of direct and indirect general tax revenues; (vii) details of the proposed incentive package,
96 including the breakdown of the components into various uses and an expected timeline for payments;
97 and (viii) draft legislation or amendments to the ~~Appropriation Act~~ *appropriation act* that propose
98 financing for the endorsed incentive package through the Virginia Public Building Authority or any
99 other proposed funding or financing mechanisms.