964135202

HOUSE BILL NO. 306

Offered January 11, 1996

A BILL to amend the Code of Virginia by adding in Chapter 5 of Title 2.1 a section numbered 2.1-51.6:5 and to repeal §§ 2.1-51.6:1 and 2.1-51.6:2 of the Code of Virginia, relating to the Governor's Development Opportunity Fund.

Patrons—Deeds, Cranwell, DeBoer, Shuler, Tate, Thomas and Woodrum; Senators: Edwards and Miller, K.G.

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 5 of Title 2.1 a section numbered 2.1-51.6:5 as follows:

§ 2.1-51.6:5 Governor's Development Opportunity Fund.

A. There is hereby created a Governor's Development Opportunity Fund (the "Fund") to be used, at the sole discretion of the Governor, to attract economic development prospects and secure the expansion of existing industry in the Commonwealth. The Fund shall consist of any funds appropriated to it by the general appropriation act and revenue from any other source, public or private. The Fund shall be established on the books of the comptroller and any funds remaining in the Fund at the end of a biennium shall not revert to the general fund but shall remain in the Fund. Interest earned on the Fund shall be credited to the Fund. No funds shall be awarded from the Fund until the Governor has consulted with the chairmen of the House Appropriations, House Finance, and Senate Finance Committees.

B. Funds shall be awarded from the Fund by the Governor as grants or loans to political subdivisions. Loans shall be approved by the Governor and made in accordance with procedures established by the Department of Economic Development and approved by the comptroller. Loans shall be interest-free unless otherwise determined by the Governor and shall be repaid to the general fund of the state treasury. The Governor may establish the interest rate to be charged; otherwise, any interest charged shall be at market rates as determined by the state treasurer and shall be indicative of the duration of the loan. The Department of Economic Development shall be responsible for monitoring repayment of such loans and reporting the receivables to the comptroller as required.

C. Funds may be used for public and private utility extension or capacity development on and off site; road, rail, or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving, and other activity required to prepare a site for construction; construction or build-out of publicly-owned buildings; grants or loans to an Industrial Development Authority, Housing and Redevelopment Authority, or other political subdivision pursuant to its duties or powers; training; or anything else permitted by law.

D. No grant or loan shall be awarded from the Fund unless the project involves a minimum private investment of $10 million and creates 100 jobs. In localities with a population between 50,000 and 100,000, the minimum private investment shall be $5 million, creating 50 jobs. In localities with a population of 50,000 or less, the minimum private investment shall be $2,500,000, creating 25 jobs. Central cities or urban cores shall be treated for eligibility purposes the same as communities of 50,000 to 100,000 population.

E. The amount of assistance from the Fund for any project shall be based on the Fiscal Stress cited in the Index published by the Commission on Local Government for the locality in which the project is located or will be located. If a project is physically located in more than one contiguous locality, the highest Fiscal Stress Index of the participating localities shall be used to determine the amount of assistance from the Fund. The maximum percentage of the total amount of the project awarded from the Fund shall be as follows:

Local Fiscal Stress Index	*Maximum Percent of Governor's Development Fund Contribution*

High	*30%*
Above Average	*25%*
Below Average	*20%*
Low	*15%*

F. The Department of Economic Development shall assist the Governor in developing objective guidelines and criteria which shall be used in awarding grants or making loans from the Fund. No grant or loan shall be awarded until the Governor has provided copies of such guidelines and criteria to the chairmen of the House Appropriations, House Finance, and Senate Finance Committees. The guidelines and criteria shall include provisions for geographic diversity and a cap on the amount of funds to be provided to any individual project.

G. Within thirty days of each six month period ending June 30 and December 30, the Governor shall provide a report to the chairmen of the House Appropriations, House Finance, and Senate Finance Committees which shall include, but is not limited to, the following information: the name of the company and the type of business it engages in; the location (county, city, or town) of the project; the amount of the grant or loan made or committed from the Fund and the purpose for which it shall be used; the number of jobs created or projected to be created; the amount of the company's investment in the project; and the timetable for the completion of the project and jobs created.

H. The Governor shall provide grants and commitments from the Fund in an amount not to exceed the dollar amount contained in the Fund. If the Governor commits funds for years beyond the fiscal years covered under the existing appropriation act, the state treasurer shall set aside and reserve such funds the Governor has committed and such funds shall remain in the Fund for those future fiscal years. No grant or loan shall be payable in the years beyond the existing appropriations act unless such funds are currently available in the Fund.

2. That §§ 2.1-51.6:1 and 2.1-51.6:2 of the Code of Virginia are repealed.