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SENATE BILL NO. 442

FLOOR AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by Delegate Diamonstein
on March 6, 1998)

(Patron Prior to Substitute—Senator Holland)

A BILL to amend and reenact §§ 2.1-20.3, 2.1-20.4, 9-14, and 14.1-18 of the Code of Virginia, relating to certain boards, commissions, committees, councils, and other bodies and to establish the Shipyard Incentive Commission and grant program.

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.1-20.3, 2.1-20.4, 9-14, and 14.1-18 of the Code of Virginia are amended and reenacted as follows:

§ 2.1-20.3. Compensation and expense payments from state funds for certain executive department services.

A. Subject to the provisions of subsections B ~~through F~~ and C, members of ~~certain~~ boards, commissions, committees, councils and other similar bodies, who are appointed at the state level, shall be compensated at the rate of fifty dollars per day, *unless a different rate of compensation is specified for such members*, plus reasonable and necessary expenses, for each day or portion thereof in which the member is engaged in the business of that body.

B. Full-time employees of the Commonwealth or any of its local political subdivisions, including full-time faculty members of state-supported colleges and universities, shall be limited to reimbursement for such employee's reasonable and necessary expenses.

C. No person shall receive total compensation of more than fifty dollars per day for services performed on any one day. Whenever a member attends two or more meetings in a single day, compensation and expenses shall be prorated among the bodies served.

~~D. Members of boards, commissions, committees, councils and other similar bodies whose principal responsibility, as defined by statute, is either advisory or advocacy shall not receive compensation from state funds.~~

~~E. Members of boards of institutions of education, the boards for cultural and science education and the boards for historic and commemorative attractions shall not receive compensation from state funds.~~

~~F. With the exception of payments from discretionary funds appropriated to the Governor, members of boards, commissions, committees, councils, and other similar bodies which have not been codified into the Code of Virginia shall not receive compensation from state funds.~~

§ 2.1-20.4. Bodies receiving compensation.

~~A. Notwithstanding any other provision of law, the following members of the commissions, boards, etc. committees, councils and other similar bodies listed below, and members of any other board, committee, council, or similar body who is appointed at the state level, shall be those which receive compensation from state funds pursuant to § 2.1-20.3:~~

Accountancy, Board for

Agriculture and Consumer Services, Board of

Air Pollution Control Board, State

Airports Authority, Virginia

Apprenticeship Council

Architects, Professional Engineers, Land Surveyors and Landscape Architects, State Board for

Athletic Board, Virginia

Auctioneers Board

Audiology and Speech-Language Pathology, Board of

Aviation Board, Virginia

Barbers, Board for

Branch Pilots, Board for

Building Code Technical Review Board, State

Charitable Gaming Commission

Chesapeake Bay Local Assistance Board

Coal Mining Examiners, Board of

College Building Authority

Commonwealth Competition Council

Commonwealth Transportation Board

Conservation and Development of Public Beaches, Board on

Conservation and Recreation, Board of

Contractors, Board for

60	Correctional Education, Board of
61	Corrections, Board of
62	Cosmetology, Board for
63	Criminal Justice Services Board
64	Deaf and Hard-of-Hearing, Advisory Board for the
65	Dentistry, Board of
66	Education, State Board of
67	Education Loan Authority, Virginia - Board of Directors
68	Elections, State Board of
69	Environment, Council on the
70	Fire Services Board, Virginia
71	Funeral Directors and Embalmers, Board of
72	Game and Inland Fisheries, Board of
73	Geology, Board for
74	Health, State Board of
75	Health Professions, Board of
76	Hearing Aid Specialists, Board for
77	Higher Education, State Council of
78	Historic Resources, Board of
79	Housing and Community Development, Board of
80	Information Management, Council on
81	Juvenile Justice, State Board of
82	Marine Resources Commission
83	Medical Assistance Services, Board of
84	Medical Complaint Investigation Committee
85	Medicine, Board of
86	Mental Health, Mental Retardation and Substance Abuse Services Board, State
87	Milk Commission
88	Mineral Mining Examiners, Board of
89	Motor Vehicle Dealer Board
90	Nursing, Board of
91	Nursing Home Administrators, Board of
92	Occupational Therapy, Advisory Board on
93	Oil and Gas Conservation Board, Virginia
94	Opticians, Board for
95	Optometry, Board of
96	Pesticide Control Board
97	Pharmacy, Board of
98	Physical Therapy, Advisory Board on
99	Port Authority, Board of Commissioners of the Virginia
100	Professional and Occupational Regulation, Board for
101	Professional Counselors, Board of
102	Professional Soil Scientists, Board for
103	Psychology, Board of
104	Public Defender Commission
105	Public School Authority, Virginia
106	Purchases and Supply Appeals Board
107	Real Estate Appraiser Board
108	Real Estate Board
109	Recreation Specialists, Board of
110	Rehabilitative Services, Board of
111	Respiratory Therapy, Advisory Board on
112	Safety and Health Codes Board
113	Seed Potato Board
114	<i>Shipyards Incentive Commission</i>
115	Social Services, Board of
116	Social Work, Board of
117	State Health Department Sewage Handling and Disposal Appeal Review Board
118	Substance Abuse Certification Board
119	Surface Mining Review, Board of
120	Treasury Board
121	Veterans' Affairs, Board on

Veterinary Medicine, Board of
 Virginia Board for Asbestos Licensing
 Virginia Health Planning Board
 Virginia Manufactured Housing Board
 Virginia Veterans Care Center Board of Trustees
 Virginia Waste Management Board
 Visually Handicapped, Virginia Board for the
 Waste Management Facility Operators, Board for
 Water Control Board, State
 Waterworks and Wastewater Works Operators, Board for
 Well Review Board, Virginia.

B. Individual members of boards, commissions, committees, councils, and other similar bodies appointed at the state level and receiving compensation for their services on January 1, 1980, but who will not receive compensation under the provisions of this article, shall continue to receive compensation at the January 1, 1980, rate until such member's current term expires.

§ 9-14. Expenses of boards.

The board of directors of the several state hospitals and the boards of directors of the various institutions of learning receiving aid from the Commonwealth shall receive their actual, itemized expenses incurred in the discharge of their duties in attending the meetings of the boards or committees. No mileage, per diem, or other compensation whatever shall be allowed.

§ 14.1-18. Compensation of members of General Assembly and certain commissions engaged in legislative services.

A. Subject to the provisions of subsections B through E hereof, members of *all* legislative committees, ~~all~~ legislative commissions and councils established by the General Assembly and all committees and subcommittees of any of the foregoing shall receive compensation at such rate as ~~shall~~ be set forth in the general appropriations act for the time actually engaged in the discharge of their duty *is provided in § 2.1-20.3*. Any other member of the General Assembly whose attendance, in the opinion of the chairman of such a group, is required at a sitting of such group shall also be entitled to compensation at the same rate.

B. Legislative members shall not be entitled to compensation pursuant to this section for any services performed on any day that the General Assembly is in session.

C. Full-time employees of the Commonwealth or of any of its political subdivisions shall not be entitled to compensation pursuant to this section.

D. No person shall receive pursuant to this section a total of more than one day's compensation for services performed on any one day. Whenever a member attends two or more meetings for which compensation is authorized herein in a single day, such one day's compensation shall be prorated from among the activities served.

E. Compensation of members of the General Assembly provided for in this section shall be paid by the offices of the Clerk of the House of Delegates or Clerk of the Senate as appropriate and funds therefor transferred from the appropriate activity.

2. That there is hereby established the Shipyard Incentive Commission. The Commission shall administer and oversee the grant provided under the provisions of this act as may be limited under the terms of the general appropriation act. The Commission shall consist of seven members, two shall be appointed each by the Speaker of the House of Delegates and two shall be appointed by the Senate Committee on Privileges and Elections. The appointed members shall serve for a term of four years. The State Tax Commissioner, the State Treasurer, and the State Comptroller shall be ex officio voting members.

3.

§ 1. The General Assembly finds that the encouragement of major investments in shipbuilding facilities in Virginia, the preservation of thousands of existing jobs, and the creation of new jobs in Virginia's shipbuilding industry are in the best interest of the Commonwealth and its citizens. The General Assembly has determined that the establishment of a center in Virginia to undertake (i) testing and integration development projects, (ii) research, and (iii) training of workers in the shipbuilding industry, will enhance and promote the quality and competitiveness of Virginia's shipbuilding industry, is in the public interest, and will promote the general welfare of the citizens of Virginia. The General Assembly finds that several states have provided financial and other incentives to preserve, expand and promote their shipbuilding industries. The General Assembly further finds that the enactment of incentives for the construction and operation of a carrier platform integration center in Virginia is necessary to maintain Virginia's position as a leader in the shipbuilding industry and related defense industries and will thereby contribute to the strength and expansion of Virginia's economy.

§ 2. As used in this section:

183 "Affiliate" of a specific company means a company that is directly or indirectly controlled by, or is
184 under common control with, the company specified.

185 "Carrier platform integration center" means a shipbuilding facility which, pursuant to a
186 Memorandum of Agreement with the Secretary, is to be built, sponsored and operated in Virginia by a
187 qualified shipbuilder, primarily (i) to perform testing and integration projects, including research and
188 development concerning those projects, and other projects relating to the design and integration of
189 navigation, communication, weapon, and other ship systems for aircraft carriers, and (ii) to provide
190 education, training, and retraining of workers in the shipbuilding industry.

191 "Decision by the United States government" means a law, regulation, or administrative action,
192 including but not limited to the issuance of a United States Navy or joint requirements document or a
193 Defense Acquisition Board decision.

194 "Fiscal year" means the twelve-month period beginning July 1 and ending June 30.

195 "Next aircraft carrier" means the aircraft carrier following the already authorized aircraft carrier
196 designated CVN-77, such next carrier currently being designated by the United States Navy as CV(X).

197 "Qualified construction contribution" means a contribution, in cash or in kind, for the acquisition of
198 land, design, construction, outfitting and other activities related to the establishment of a carrier
199 platform integration center.

200 "Qualified contribution" means a "qualified construction contribution" and a "qualified operations
201 contribution." The value of any qualified contribution of property or services shall be the fair market
202 value of such property or services on the date of contribution.

203 "Qualified investment" means any expenditure capitalized for federal income tax purposes that is
204 related to the construction, expansion, improvement or modernization of a shipbuilding facility in
205 Virginia and shall include qualified contributions. Except for qualified contributions and for salaries
206 that are capitalized as part of the cost of a shipbuilding facility, "qualified investment" shall not include
207 the salaries or other compensation paid to employees of a qualified shipbuilder or its affiliates.

208 "Qualified operations contribution" means a contribution, in cash or in kind, for the outfitting,
209 operation, maintenance, expansion, improvement, modernization, workforce training and retraining, the
210 conduct of research and development, and other activities related to the operation of a carrier platform
211 integration center. No amount for which a construction grant is allowed under §§ 3 through 6 shall be
212 a "qualified operations contribution."

213 "Qualified shipbuilder" means a corporation that (i) is primarily engaged in designing, constructing,
214 overhauling, modernizing, and repairing ships at its facilities in Virginia; (ii) employs more than 10,000
215 persons at its shipbuilding facilities in Virginia; and (iii) makes a qualified investment of at least \$30
216 million in the fiscal year preceding the first fiscal year in which a grant provided by §§ 3 through 6 is
217 claimed; at least \$35 million in the fiscal year preceding the second fiscal year in which a grant
218 provided by §§ 3 through 6 is claimed; and at least \$50 million in the fiscal year preceding each fiscal
219 year thereafter in which any grant provided by §§ 3 through 6 is claimed.

220 "Secretary" means the Secretary of Commerce and Trade or his designee.

221 "Shipbuilding facility" means any property, including land, buildings and other improvements to real
222 estate, tangible personal property, machinery and tools, ships, boats and parts thereof, docks and dry
223 docks, employed or designed to be employed in the shipbuilding industry.

224 "Shipbuilding industry" includes (i) businesses engaged in designing, building, overhauling,
225 modernizing and repairing ships in Virginia and (ii) other persons engaged in research, design,
226 manufacturing or other activities in Virginia that are directly related to, or that provide necessary
227 support for, such businesses.

228 "Sponsor" means a qualified shipbuilder that, pursuant to a Memorandum of Agreement with the
229 Secretary, agrees to build, sponsor, and operate a carrier platform integration center, and includes the
230 affiliates of such qualified shipbuilder.

231 § 3. A qualified shipbuilder shall be entitled to the investment grant provided for by this section if
232 the Secretary makes the certification provided in subsection A of this section.

233 A. The Secretary shall certify that a qualified shipbuilder is entitled to the investment grant provided
234 by this section if the Secretary determines that:

235 1. The United States government has either (i) made a decision that the United States Navy's next
236 aircraft will be nuclear-powered or (ii) awarded a prime contract to the qualified shipbuilder to design
237 or design and construct the United States Navy's next aircraft carrier; and

238 2. The qualified shipbuilder has agreed to be the sponsor of a carrier platform integration center.

239 B. Subject to the limitations of subsection C of this section, a qualified shipbuilder certified by the
240 Secretary as meeting the requirements of subsection A of this section shall be entitled to a grant as may
241 be limited by the general appropriation act, not to exceed such shipbuilder's qualified construction
242 contributions.

243 C. The grant authorized by this subsection shall be subject to the following limitations:

244 1. The grant shall be awarded only for qualified contributions made after December 31, 1997, but

before January 1, 2001.

2. The total grants awarded to all qualified shipbuilders shall not exceed:

- a. \$8 million from July 1, 1998, through June 30, 1999;
- b. \$30 million from July 1, 1999, through June 30, 2000; and
- c. \$20 million from July 1, 2000, through June 30, 2001.

Grants awarded pursuant to subdivisions a, b and c shall not exceed \$58 million in the aggregate.

3. The grant awarded under this section to any qualified shipbuilder shall not exceed the qualified construction contributions made by that qualified shipbuilder on or before the date the grant is awarded to that qualified shipbuilder, reduced by the amount of grants previously awarded under this section to that qualified shipbuilder.

§ 4. A qualified shipbuilder is entitled to the operations grant provided for by this section if the Secretary makes the certifications provided in subsection A of this section.

A. The Secretary shall certify that a qualified shipbuilder is entitled to the operations grant provided for by this section if the Secretary determines that:

1. The qualified shipbuilder has been certified to be entitled to the construction grant provided for in § 3;

2. The United States government has awarded a prime contract to that qualified shipbuilder to design or to design and construct the United States Navy's next aircraft carrier;

3. The qualified shipbuilder has undertaken construction and sponsorship of a certified integration center consistent with its agreements with the Secretary; and

4. To the extent practicable and consistent with the security requirements of the United States government and the protection of the sponsor's proprietary information, the Memorandum of Agreement between the qualified shipbuilder and the Secretary provides for the establishment of procedures to:

a. Include members of the faculties and staffs of those public institutions of higher education in Virginia that provide engineering and other courses of study relevant to the shipbuilding industry, in the carrier platform integration center's research and development, education and training activities;

b. Allow other members of the shipbuilding industry access to, and participation in, the activities of the carrier platform integration center, including its ship systems integration activities; and

c. Ensure that the training, retraining and education services provided by the certified carrier platform integration center are not limited to employees of the sponsor.

B. Subject to the limitations of subsection C of this section, a qualified shipbuilder certified by the Secretary as meeting the requirements of subsection A of this section, shall be entitled to a grant in an amount equal to its qualified operations contributions.

C. The operations grant authorized by this section shall be subject to the following limitations:

1. The operations grant shall be awarded only for those qualified operations contributions made after December 31, 1997, and before July 1, 2004; and

2. The total operations grants awarded to all qualified shipbuilders shall not exceed \$20 million during any fiscal year and shall not exceed \$40 million in the aggregate.

The operations grants awarded under this section by any qualified shipbuilder shall not exceed the qualified operations contributions made by such shipbuilder on or before the date the grant is claimed by such shipbuilder, reduced by the amount of grants previously claimed under this section by such shipbuilder.

§ 5. The Tax Commissioner shall, during each fiscal year that the grants provided by §§ 3 and 4 are available, notify every qualified shipbuilder seeking either type of grant of the total amount of each type of grant claimed by all qualified shipbuilders. If the fiscal year or cumulative limitations in §§ 3 or 4 are exceeded, the available grants shall be awarded in proportion to each qualified shipbuilder's grant otherwise allowable under the applicable section.

§ 6. A qualified shipbuilder receiving any grant in accordance with this section shall submit annually to the Tax Commissioner a copy of the certification from the Secretary that it is entitled to the grant provided for by §§ 3 or 4, or both, together with a statement, approved by an independent certified public accountant licensed by the Commonwealth, confirming that the qualified shipbuilder: (i) has made a qualified investment in the amount required by this section; (ii) employs more than 10,000 persons in Virginia; (iii) has made qualified contributions and states the total amount and types of such qualified contributions; and (iv) is eligible for the grant sought pursuant to this section and states the total amount and types of grants sought. The statement shall be in the form specified by the Tax Commissioner, shall be submitted with the annual report of corporation income tax required by Article 14 (§ 58.1-440 et seq.) of Chapter 3 of Title 58.1, and shall be subject to audit and verification by the Department.

4. That the provisions of this act relating to the shipyard incentive grant program shall expire on June 30, 2004.