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# VIRGINIA STATE BUDGET

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2006 Special Session I

## Budget Bill - HB5003 (Introduced)

Bill Order » Office of Commerce and Trade » Item 112

Department of Housing and Community Development

| Item 112 (Not set out)                         | First Year - FY2005 | Second Year - FY2006 |
|--|---------------------|----------------------|
| <b>Industrial Development Services (53400)</b> | <b>\$1,960,000</b>  | <b>\$14,500,000</b>  |
| Community and Business Assistance (53401)      | \$1,960,000         | \$14,500,000         |
| Fund Sources:                                  |                     |                      |
| General  | \$1,960,000         | \$14,500,000         |

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Authority: Title 59.1, Chapter 22, Code of Virginia.

A.1. This Item includes \$1,960,000 the first year from the general fund to carry out the provisions of §§ 59.1-282.2 and [59.1-282.3](#), Code of Virginia, related to the Enterprise Zone Act. Should actual grants to be awarded in each fiscal year be less than the above amounts, the excess shall revert to the general fund on June 30, 2005, and June 30, 2006. Notwithstanding the provisions of §§ 59.1-282.2 and [59.1-282.3](#), Code of Virginia, the Department is authorized to prorate, with no payment of the unpaid portion of the grant necessary in the next fiscal year, the amount of awards each business receives to match the appropriation for this item.

2. This item includes \$13,500,000 the second year from the general fund to implement the provisions of the Enterprise Zone Act - Senate Bill 983 and House Bill 2570 - (2005 Session).

B. The Department shall prepare an annual report which shall include, but not be limited to, the costs of the Enterprise Zone program in terms of general fund appropriations and revenue loss to the state and participating local governments, as well as the program's benefits as measured by investments and jobs created by qualified and nonparticipating businesses in the zones. The Department shall submit the study by November 4 of each year to the Chairmen of the Senate Finance Committee and the House Finance and Appropriations Committees.

C.1. This item includes \$1,000,000 the second year from the general fund to support a performance job creation grant program in qualifying economically distressed localities. Localities eligible for participation in the program shall have an unemployment rate at least 175 percent of the statewide average over the past two years.

2. The Department of Housing and Community Development shall administer the performance job creation grant program and shall provide one-time grants to new or expanding businesses meeting the following criteria: (1) eligible companies shall be in the business of manufacturing or wholesale; forestry or fishing; transportation or information technologies. Retail establishments shall be ineligible; and (2) provide at least five additional or new full-time qualified positions. These positions represent net new jobs when compared to a company's record of permanent positions over the previous two years. Qualified positions shall mean a minimum of 35 hours of an employee's time a week for the entire normal year of the business firm's operations, which "normal year" must consist of at least 48 weeks, a minimum of 35 hours of an employee's time a week for the portion of the taxable year in which the employee was initially hired for, or transferred to, the business firm, or a minimum of 1,680 hours per year if the standard fringe benefits are paid by the business firm for the employee. Seasonal or temporary positions shall be ineligible for the grant program.

3. Any company eligible to apply for a grant under this item shall provide evidence, satisfactory to the Department of Housing and Community Development, of the amount of any capital investment, the number of new jobs created, and such other evidence required by the Department of Housing and Community Development to prove that the requirements and intent of this item have been satisfied, including any certification needed to prove that the qualified positions have been filled continuously over a 12-month period beginning July 1, 2004.

4. Grants shall be \$5,000 for each new employee up to a maximum of \$25,000 per business. If the jobs created by the new or expanding employer has a wage of at least twice the prevailing wage of that locality as determined by the Virginia Employment Commission, the per-employee grant shall increase to \$7,500 per employee, up to a maximum of \$37,500 per business. Total grants awarded under this program shall be limited to \$1,000,000 in fiscal year 2006.

5. The Department of Housing and Community Development shall report to the Secretary of Commerce and Trade, and to the Chairmen of the Senate Finance and House Appropriations Committees, on the program's results and any recommendations regarding program improvements or the program's continuation by December 30, 2005.