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# VIRGINIA STATE BUDGET

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2012 Special Session I

## Budget Bill - HB1300 (Introduced)

Bill Order » Office of Commerce and Trade » Item 96

Economic Development Incentive Payments

Item 96	First Year - FY2011	Second Year - FY2012
<b>Economic Development Services (53400)</b>	<b>\$50,470,436</b>	<b>\$54,150,384</b> <b>\$46,470,384</b>
Financial Assistance for Economic Development (53410)	\$50,470,436	\$54,150,384 \$46,470,384
Fund Sources:		
General	\$49,995,436	\$53,775,384 \$46,095,384
Dedicated Special Revenue	\$475,000	\$375,000

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Authority: Discretionary Inclusion.

B.1. Out of the amounts in this Item, \$23,911,055 the first year and \$11,811,055 the second year from the general fund shall be deposited to the Governor's Development Opportunity Fund, as established in § 2.2-115, Code of Virginia. Such funds shall be used at the discretion of the Governor, subject to prior consultation with the Chairmen of the House Appropriations and Senate Finance Committees, to attract economic development prospects to locate or expand in Virginia. If the Governor, pursuant to the provisions of § 2.2-115, E.1., Code of Virginia, determines that a project is of regional or statewide interest and elects to waive the requirement for a local matching contribution, such action shall be included in the report on expenditures from the Governor's Development Opportunity Fund required by § 2.2-115, F., Code of Virginia. Such report shall include an explanation on the jobs anticipated to be created, the capital investment made for the project, and why the waiver was provided.

2. The Governor may allocate these funds as grants or loans to political subdivisions. Loans shall be approved by the Governor and made in accordance with procedures established by the Virginia Economic Development Partnership and approved by the State 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 Virginia Economic Development Partnership shall be responsible for monitoring repayment of such loans and reporting the receivables to the State Comptroller as required.

3. 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 their duties or powers; training; or anything else permitted by law.

4. Consideration should be given to economic development projects that 1) are in areas of high unemployment; 2) link commercial development along existing transportation/transit corridors within regions; and 3) are located

near existing public infrastructure.

5. It is the intent of the General Assembly that the Virginia Economic Development Partnership shall work with localities awarded grants from the Governor's Development Opportunity Fund to recover such moneys when the economic development projects fail to meet minimal agreed-upon capital investment and job creation targets. All such recoveries shall be deposited and credited to the Governor's Development Opportunity Fund.

6. Up to \$5,000,000 of previously awarded funds and funds repaid by political subdivisions or business beneficiaries and deposited to the Governor's Development Opportunity Fund may be used to assist Prince George County with site improvements related to the location of a major aerospace engine manufacturer to the Commonwealth.

7. Any funds appropriated in Item 105, paragraph B. 6, Chapter 781, Acts of Assembly of 2009, to offset training expenses for a major automotive employer operating a diesel assembly and test facility in the City of Newport News, contingent upon such employer having entered into a performance agreement with the Virginia Economic Development Partnership describing the employer's commitments regarding job creation and retention, remaining on June 30, 2010, shall be carried forward and available for expenditure. The funds shall be administered in a manner similar to existing training grant programs permitted under § 2.2-902, Code of Virginia. The major automotive employer shall certify to the Secretary of Commerce and Trade that it has retained at least 500 jobs in the Commonwealth and has taken actions to increase employment by at least 250 new full-time jobs in the Commonwealth.

C. Out of the appropriation for this Item, \$1,600,000 the first year and \$5,400,000 the second year from the general fund shall be deposited to the Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Fund to be used to pay semiconductor memory or logic wafer manufacturing performance grants in accordance with § 59.1-284.14.1, Code of Virginia.

D.1. Out of the appropriation for this Item, \$1,795,381 the first year and ~~\$2,547,329~~ \$2,367,329 the second year from the general fund shall be deposited to the Investment Performance Grant subfund of the Virginia Investment Partnership Grant Fund to be used to pay investment performance grants in accordance with § 2.2-5101, Code of Virginia.

2. Consideration should be given to economic development projects that 1) are in areas of high unemployment; 2) link commercial development along existing transportation/transit corridors within regions; and 3) are located near existing public infrastructure.

E.1. Out of the appropriation for this Item, \$5,000,000 the second year from the general fund shall be deposited to the Major Eligible Employer Grant subfund of the Virginia Investment Partnership Grant Fund to be used to pay investment performance grants in accordance with § 2.2-5102, Code of Virginia.

2. Consideration should be given to economic development projects that 1) are in areas of high unemployment; 2) link commercial development along existing transportation/transit corridors within regions; and 3) are located near existing public infrastructure.

F. Out of the appropriation for this Item \$1,000,000 in the first year and \$3,000,000 in the second year from the general fund and an amount estimated at \$475,000 the first year and \$375,000 the second year from nongeneral funds shall be deposited to the Governor's Motion Picture Opportunity Fund, as established in § 2.2-2320, Code of Virginia. These nongeneral fund revenues shall be deposited to the fund from revenues generated by the digital media fee established pursuant to § 58.1-1731, et seq., Code of Virginia. Such funds shall be used at the discretion of the Governor to attract film industry production activity to the Commonwealth.

G. Out of the appropriation for this Item, \$1,000,000 the first year and \$1,000,000 the second year from the general fund shall be used to pay grants in accordance with § 2.2-2240.1, Code of Virginia. It is the intent of the General

Assembly to fulfill the commitment made to provide incentive payments for the location of a research related entity in accordance with the time frames set out in § 2.2-2240.1 D, Code of Virginia.

H. Out of the appropriation for this Item, \$9,769,000 the first year and ~~\$10,517,000~~ \$7,517,000 the second year from the general fund shall be used in support of the location of an aerospace engine facility in Prince George County. In accordance with a memorandum of understanding between the Commonwealth and the aerospace engine manufacturer, the funds may be used for chaired professorships, research, laboratory renovations, community college programs, graduate student and internship endowments, workforce training, project management, and training grants in accordance with § 59.1-284.22, Code of Virginia. The Director, Department of Planning and Budget shall transfer these funds to the impacted state agencies and institutions upon request filed with the Director, Department of Planning and Budget by the respective state agency or institution.

J.1. Out of the appropriation for this Item, \$7,500,000 in the first year from the general fund is included to assist impacted localities in funding needs associated with the implementation of and response to the recommendations of the 2005 Base Realignment and Closure Commission (BRAC) which were subsequently agreed to by the President and the United States' Congress. Grants allocated from this appropriation shall be aimed at fostering collaborative efforts among state agencies, local governments and regional entities to address quantifiable costs or impacts resulting from specific actions to implement the recommendations of the BRAC or to protect the Commonwealth's strategic, homeland security, and economic interests in response to such implementation and similar actions. Individual grants may be for either operating or capital expenses but shall be matched by either cash or in-kind contributions. Moreover, no grant shall be used to supplant funding currently provided by other levels of government or by private sources.

2. Notwithstanding 1.B of Chapter 266 of the 2006 Acts of Assembly, any locality in which a United States Navy Master Jet Base is located may use state funds appropriated in paragraph J.1. of this Item and local funds set aside for this purpose and administered by the Virginia National Defense Industrial Authority to mitigate adverse affects on any military operations caused by the encroachment of incompatible land uses.

3. The Governor shall approve all grants from this appropriation based on a written evaluation of the proposals received. The evaluation shall be prepared by staff from the Office of ~~Commonwealth Preparedness~~ *the Secretary of Veterans Affairs and Homeland Security*, the Office of the Secretary of Commerce and Trade, the Office of the Secretary of Finance, and the Virginia National Defense Industrial Authority, and among other factors, shall consider the significance of the impact being addressed, the likelihood that the proposal will achieve its intended objective, and the amount and type of commitment to match state funds. In allocating state funds, priority shall be given first to any locality in which a United States Navy Master Jet Base is located, and then to proposals which have regional impact. The Governor shall notify the chairmen of the House Appropriations Committee and the Senate Finance Committee of the recipient and the purpose of each approved grant at least 15 days prior to the actual distribution of funds.

4. All proceeds from the lease, disposal or conveyance of any property acquired through the use of this appropriation, or any prior appropriation for this purpose, shall only be used for additional property acquisition pursuant to Chapter 266 of the 2006 Acts of Assembly.

5. There is hereby appropriated in the second year an amount not to exceed \$7,500,000 from that portion of the general fund balance designated by the State Comptroller on June 30, 2011, for nonrecurring expenditures pursuant to § 2.2-1514B., Code of Virginia, to address the Commonwealth's commitment in response to the recommendations of the 2005 Base Realignment and Closure Commission to assist any locality in which a United States Navy Master Jet Base is located to mitigate the adverse affects on any military operation caused by the encroachment of incompatible land uses. These funds shall be used only to mitigate adverse impacts in Accident Potential Zone 1 and Clear Zone areas. On or before November 1, 2011, the locality shall report to the Chairmen of House Appropriations, Senate Finance Committees, and the Governor on the specific properties purchased and the balance of monies remaining.

K. Authorized in this item is the use of \$5,000,000 the first year from nongeneral fund sources for the site planning fund created pursuant to § 2.2-2240.2, Code of Virginia, to assist political subdivisions in the performance of site and site development work for prospective Major Employment and Investment (MEI) Projects, as defined in § 2.2-2260, Code of Virginia. Grants allocated from this appropriation shall be approved by the Governor and made in accordance with procedures and guidelines established by the Virginia Economic Development Partnership. The guidelines and procedures shall give consideration in order to (i) ensure geographical representation of awards, (ii) limit the amount of annual recipients, (iii) identify strategic targets and select sites that are compatible with the strategic targets, and (iv) promote regional revenue sharing.

L. Out of the appropriation for this Item, up to \$3,420,000 the first year from the general fund shall be paid for a grant for the reimbursement of sales and use taxes paid by an eligible entity for purchase of certain computer equipment and enabling hardware pursuant to the second enactment clause of Senate Bill 130/House Bill 302, 2010 Session of the General Assembly.

~~M. Out of the appropriation for this Item, up to \$4,500,000 the second year from the general fund shall be transferred to the Department of Mines, Minerals and Energy for deposit to the Biofuels Production Fund. These funds are to be used to provide a grant in support of the location and construction of a non-advanced neat biofuel production facility in the City of Hopewell. In the event grant obligations are due in the first year, the Director, Department of Planning and Budget is hereby authorized to transfer funding from the second year to the first year to make necessary payments. The grant shall be in an amount equal to \$0.10 for each gallon of neat biofuels sold by the producer in the calendar year. Such producer shall be eligible for a grant from the Biofuels Production Fund established under § 45.1-393, Code of Virginia, only for each gallon of neat biofuels that it produces in the Commonwealth on or after January 1, 2008, which gallon has also been sold by the producer to customers.~~

N. Out of the appropriation for this Item, \$10,000,000 the second year from the general fund, which shall be utilized for the purposes set forth in House Bill 2324 and Senate Bill 1485, as adopted by the 2011 General Assembly as follows: \$4,000,000 shall be deposited into the Center for Innovative Technology's GAP Funds and \$6,000,000 shall be deposited into the Commonwealth Research Commercialization Fund created pursuant to § 2.2-2233.1, Code of Virginia. Of the amounts provided for the Commonwealth Research Commercialization Fund, \$2,000,000 shall be used for a Small Business Innovation Research Matching Fund Program for Virginia-based technology businesses.