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# VIRGINIA STATE BUDGET

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2016 Session

## Budget Bill - HB30 (Introduced)

Bill Order » Office of Commerce and Trade » Item 106

Economic Development Incentive Payments

Item 106	First Year - FY2017	Second Year - FY2018
<b>Economic Development Services (53400)</b>	<b>\$99,284,360</b>	<b>\$93,109,529</b>
Financial Assistance for Economic Development (53410)	\$99,284,360	\$93,109,529
Fund Sources:		
General	\$99,134,360	\$92,159,529
Dedicated Special Revenue	\$150,000	\$950,000

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Authority: Discretionary Inclusion.

A.1. Out of the amounts in this Item, \$20,750,000 the first year and \$20,750,000 the second year from the general fund shall be deposited to the Commonwealth'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 Commonwealth'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 Commonwealth'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 Commonwealth'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 Commonwealth'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.

B.1. Out of the appropriation for this Item, \$3,665,060 the first year and \$5,295,060 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.

C.1. Out of the appropriation for this Item, \$1,800,000 the first year and \$1,800,000 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.

D. Out of the appropriation for this Item, \$3,000,000 the first year and \$3,000,000 the second year from the general fund and an amount estimated at \$150,000 the first year and \$150,000 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.

E. Out of the appropriation for this Item, \$8,878,000 the first year and \$3,729,000 the second year from the general fund shall be used in support of the location of an aerospace engine facility in Prince George County. The funds may be used for grants in accordance with §§ 59.1-284.20, 59.1-284.21, and 59.1-284.22, Code of Virginia. The Director, Department of Planning and Budget shall transfer these funds to the impacted state agencies upon request to the Director, Department of Planning and Budget by the respective state agency.

F.1. Out of the appropriation for this Item, \$4,200,000 the first year and \$4,400,000 the second year from the general fund shall be deposited to the Virginia Economic Development Incentive Grant subfund of the Virginia Investment Partnership Grant Fund to be used to pay investment performance grants in accordance with § 2.2-5102.1, Code of Virginia. In the second year, \$800,000 from the Virginia Economic Development Incentive Grant subfund of the Virginia Investment Partnership Grant Fund is hereby appropriated and shall be used to pay investment performance grants in accordance with § 2.2-5102.1, 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.

G. Out of the appropriation for this Item, \$7,155,840 the first year from the general fund shall be deposited to the Advanced Shipbuilding Training Facility Fund to be used to pay grants in accordance with § 59.1-284.23, F., Code of Virginia.

H. Out of the appropriation for this Item, \$2,000,000 the first year and \$3,000,000 the second year from the general fund shall be deposited to the Pulp, Paper, and Fertilizer Advanced Manufacturing Performance Grant Program Fund to be used for performance grants in accordance with § 59.1-284.28, Code of Virginia.

I. Out of the appropriation for this Item, \$2,800,000 the first year and \$2,800,000 the second year from the general fund 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, up to \$1,500,000 the first year and \$1,500,000 the second year shall be used for a Small Business Innovation Research Matching Fund Program for Virginia-based technology businesses and, for matching funds for recipients of federal Small Business Technology Transfer (STTR) awards for Virginia-based small businesses. Any monies from these amounts that have not been allocated at the end of each fiscal year shall not revert to the general fund but shall be distributed for other purposes designated by the Research and Technology Investment Advisory Committee and aligned with the Research and Technology Roadmap.

Businesses meeting the following criteria shall be eligible to apply for an award to be administered by the Research and Technology Investment Advisory Committee:

1. The applicant has received an STTR award targeted at the development of qualified research or technologies;
2. At least 51 percent of the applicant's employees reside in Virginia; and
3. At least 51 percent of the applicant's property is located in Virginia.

Applicants shall be eligible for matching grants of up to \$100,000 for Phase I awards and up to \$500,000 for Phase II awards. All applicants shall be required to submit a commercialization plan with their application. Any unused funds shall not revert to the general fund but shall remain in the Commonwealth Research and Commercialization Fund. Notwithstanding the provisions of § 2.2-2233.1 D.6, Code of Virginia, unused funding from the Fund shall be awarded as originally intended by the Research and Technology Investment Advisory Committee and only reallocated if sufficient demand does not exist for the original allocation.

J.1. Out of the appropriation for this Item, \$7,500,000 the first year and \$10,000,000 the second year from the general fund shall be provided for the Virginia Biosciences Health Research Corporation (VBHRC), a non-stock corporation research consortium initially comprised of the University of Virginia, Virginia Commonwealth University, Virginia Polytechnic Institute and State University, George Mason University and the Eastern Virginia Medical School. The consortium will contract with private entities, foundations and other governmental sources to capture and perform research in the biosciences, as well as promote the development of bioscience infrastructure tools which can be used to facilitate additional research activities. The Director, Department of Planning and Budget, is authorized to provide these funds to the non-stock corporation research consortium referenced in this paragraph upon request filed with the Director, Department of Planning and Budget by VBHRC.

2. Of the amounts provided in J.1. for the research consortium, up to \$2,500,000 the first year and \$5,000,000 the second year may be used to develop or maintain investments in research infrastructure tools to facilitate bioscience research.

3. The remaining funding shall be used to capture and perform research in the biosciences and must be matched at least dollar-for-dollar by funding provided by such private entities, foundations and other governmental sources. No research will be funded by the consortium unless at least two of the participating institutions, including the five founding institutions and any other institutions choosing to join, are actively and significantly involved in

collaborating on the research. No research will be funded by the consortium unless the research topic has been vetted by a scientific advisory board and holds potential for high impact near-term success in generating other sponsored research, creating spin-off companies or otherwise creating new jobs. The consortium will set guidelines to disburse research funds based on advisory board findings. The consortium will have near-term sustainability as a goal, along with corporate-sponsored research gains, new Virginia company start-ups, and job creation milestones.

4. Other publicly-supported institutions of higher education in the Commonwealth may choose to join the consortium as participating institutions. Participation in the consortium by the five founding institutions and by other participating institutions choosing to join will require a cash contribution from each institution in each year of participation of at least \$50,000.

5. Of these funds, up to \$500,000 the first year and \$500,000 the second year may be used to pay the administrative, promotional and legal costs of establishing and administering the consortium, including the creation of intellectual property protocols, and the publication of research results.

6. The Virginia Economic Development Partnership, in consultation with the publicly-supported institutions of higher education in the Commonwealth participating in the consortium, shall provide to the Governor, and the Chairmen of the Senate Finance and House Appropriations committees, by November 1 of each year a written report summarizing the activities of the consortium, including, but not limited to, a summary of how any funds disbursed to the consortium during the previous fiscal year were spent, and the consortium's progress during the fiscal year in expanding upon existing research opportunities and stimulating new research opportunities in the Commonwealth.

7. The accounts and records of the consortium shall be made available for review and audit by the Auditor of Public Accounts upon request.

K.1. Out of this appropriation, \$209,859 the first year and \$209,868 the second year from the general fund shall be provided to the Virginia-Israel Advisory Board.

2. The Virginia-Israel Advisory Board shall seek prior approval of all travel and related expenditures from the Secretary of Commerce and Trade.

3. The Virginia-Israel Advisory Board shall report by January 15 of each year to the Chairmen of the Senate Finance and House Appropriations Committees on the board's activities and expenditure of state funds.

L. Out of this appropriation, \$5,669,833 the first year and \$5,669,833 the second year from the general fund shall be available for eligible businesses under the Virginia Jobs Investment Program. Pursuant to § 2.2-1611, Code of Virginia, the appropriation provided for the Virginia Jobs Investment Program for eligible businesses shall be deposited to the Virginia Jobs Investment Program Fund.

M. Out of this appropriation \$500,000 the first year and \$500,000 the second year from the general fund is provided for the purpose of attracting new tourism and hospitality projects and expanding existing tourism and hospitality projects in the Commonwealth. Funds shall be disbursed through the Virginia Tourism Authority as grants or loans to political subdivisions or business entities authorized to transact business in the Commonwealth based on criteria as approved by the Governor. The Governor shall transmit his specific criteria for awarding and distributing these funds to the Chairmen of the House Committee on Appropriations and the Senate Finance Committee prior to any expenditure of this appropriation.

N. Out of this appropriation, \$1,000,000 the first year and \$1,000,000 the second year from the general fund may be provided to the Virginia Economic Development Partnership to facilitate additional domestic and international marketing and trade missions approved by the Governor. The Director, Department of Planning and Budget, is authorized to provide these funds to the Virginia Economic Development Partnership upon written approval of the

Governor.

O. Out of this appropriation, \$30,000,000 the first year and \$30,000,000 the second year from the general fund shall be made available to fund a collaborative effort to develop biotechnology spinoff companies that will accelerate the growth and strength of Virginia's biotechnology industry. Any proposal received by the Commonwealth shall be evaluated by the Virginia Biosciences Health Research Corporation (VBHRC) for merit and feasibility. Priority shall be given to those proposals which include the possible development of a Virginia headquarters co-located with one of the spinoff companies. Any proposals receiving favorable evaluation from the VBHRC shall be forwarded to the Major Employment and Investment (MEI) Project Approval Commission, established by § 30-309, Code of Virginia, for final approval. The Director, Department of Planning and Budget, is authorized to provide for payment of these funds to an appropriately designated fiscal agent consistent with the details of the proposal upon approval of the MEI Project Approval Commission.