
VIRGINIA STATE BUDGET

2019 Session

Budget Bill - HB1700 (Chapter 854)

Bill Order » Office of Commerce and Trade » Item 122

Virginia Economic Development Partnership

| Item 122 | First Year - FY2019 | Second Year - FY2020 |
|--|---------------------|----------------------|
| Economic Development Services (53400) | \$31,597,198 | \$35,107,392 |
| | \$33,597,198 | \$37,807,392 |
| Economic Development Services (53412) | \$31,597,198 | \$35,107,392 |
| | \$33,597,198 | \$37,807,392 |
| Fund Sources: | | |
| General | \$31,597,198 | \$35,107,392 |
| | \$33,597,198 | \$37,807,392 |

Authority: Title 2.2, Chapter 22, Article 4 and Chapter 51; and § [15.2-941](#), Code of Virginia.

A. Upon authorization of the Governor, the Virginia Economic Development Partnership may transfer funds appropriated to it by this act to a nonstock corporation.

B. Prior to July 1 of each fiscal year, the Virginia Economic Development Partnership shall provide to the Chairmen of the House Appropriations and Senate Finance Committees and the Director, Department of Planning and Budget a report of its operating plan. Prior to September 1 of each fiscal year, the Partnership shall provide to the Chairmen of the House Appropriations and Senate Finance Committees and the Director, Department of Planning and Budget a detailed expenditure report and a listing of the salaries and bonuses for all partnership employees for the prior fiscal year. All three reports shall be prepared in the formats as previously approved by the Department of Planning and Budget.

C. In developing the criteria for any pay for performance plan, the board shall include, but not be limited to, these variables: 1) the number of economic development prospects committed to move to or expand operations in Virginia; 2) dollar investment made in Virginia for land acquisition, construction, buildings, and equipment; 3) number of full-time jobs directly related to an economic development project; and 4) location of the project. To that end, the pay for performance plan shall be weighted to recognize and reward employees who successfully recruit new economic development prospects or cause existing prospects to expand operations in localities with fiscal stress greater than the statewide average. Fiscal Stress shall be based on the Index published by the Commission on Local Government. If a prospect is physically located in more than one contiguous locality, the highest Fiscal Stress Index of the participating localities will be used.

D.1. The Virginia Economic Development Partnership shall report before the General Assembly convenes in January of each year on the status of the implementation of the state's comprehensive economic development strategy, and shall recommend legislative actions related to the implementation of the comprehensive economic development strategy. The report shall be submitted to the Chairmen of the House Appropriations and Senate Finance Committees, and shall include the number of site visits made by employees of the Virginia Economic Development Partnership with potential economic development prospects.

2. The Virginia Economic Development Partnership shall identify and target industries suited for location in the southside and southwest regions of the state.

E. The State Comptroller shall disburse the first and second year appropriations in twelve equal monthly installments. The Director, Department of Planning and Budget may authorize an increase in disbursements for any month, not to exceed the total appropriation for the fiscal year, if such an advance is necessary to meet payment obligations.

F. The Virginia Economic Development Partnership shall provide administrative and support services for the Virginia Tourism Authority as prescribed in the Memorandum of Agreement until July 1, 2020, or until the authority is able to provide such services.

G. The Virginia Economic Development Partnership shall report one month after the close of each quarter to the Chairmen of the Senate Finance and House Appropriations Committees on the Commonwealth's Development Opportunity Fund. The report shall include, but not be limited to, total appropriations made or transferred to the fund, total grants awarded, cash balances, and balances available for future commitments.

H. Prior to purchasing airline and hotel accommodations related to overseas trade shows, the Virginia Economic Development Partnership shall provide an itemized list of projected costs for review by the Secretary of Commerce and Trade.

I. Out of the amounts in this Item, \$500,000 the first year and \$500,000 the second year from the general fund is provided to market distressed areas of the Commonwealth.

J. Out of the amounts in this Item, \$215,000 the first year and \$215,000 the second year from the general fund is provided to assist small manufacturers with the export of advanced manufacturing products.

K. Out of the amounts in this Item, \$500,000 the first year and \$500,000 the second year from the general fund is provided for an expanded international and domestic marketing campaign to market Virginia to attract additional businesses to the Commonwealth.

L. The Virginia Economic Development Partnership shall investigate additional ways in which it might encourage the export of products and services from the Commonwealth to international markets, including researching potential methods through which to support broader availability of bridge loans and shipment insurance for Virginia exporters.

M. Out of the amounts in this Item, \$1,097,957 the first year and \$1,097,957 the second year from the general fund is provided for administration and operating expenses of the Virginia Jobs Investment Program.

N.1. Out of the amounts in this Item, \$2,250,000 in the first year and \$2,250,000 in the second year from the general fund shall be deposited in the Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund established pursuant to § [10.1-1237](#), Code of Virginia.

2. Guidelines developed by the Virginia Economic Development Partnership, in consultation with the Department of Environmental Quality, governing the use of the Fund shall provide for grants of up to \$500,000 for site remediation and include a requirement that sites with potential for redevelopment and economic benefits to the surrounding community be prioritized for consideration of such grants.

O. The Virginia Economic Development Partnership shall transfer to the Department of Environmental Quality up to \$250,000 of the amounts appropriated in this Item to conduct research and for other appropriate costs associated with the development of a long-term offsetting methods within the Virginia Nutrient Credit Exchange. The Virginia Economic Development Partnership shall work in conjunction with the Department of Environmental Quality to develop the long-term offsetting methods.

~~P. Out of the amounts in this Item, the Virginia Economic Development Partnership shall provide \$925,000 the~~

first year and \$925,000 the second year from the general fund to the Commonwealth Center for Advanced Manufacturing for rent and operating support.

P.1. Out of the amounts in this item, the Virginia Economic Development Partnership (VEDP) shall provide \$925,000 in the first year and \$1,925,000 in the second year from the general fund to the Commonwealth Center for Advanced Manufacturing for rent, operating support and maintenance. VEDP shall approve any and all disbursements of these funds to the Commonwealth Center for Advanced Manufacturing before distribution. These funds shall not revert back to the general fund at the end of the fiscal year.

2. The Commonwealth Center for Advanced Manufacturing (CCAM) must submit a detailed operating plan to VEDP by August 1, 2019 that shall include, but not be limited to, the following: (i) a schedule for annual and quarterly reporting of financial performance, research activity, and industry membership, and is based upon the Commonwealth's fiscal year; (ii) updated management and organization structure that specifies and defines all full-time positions; (iii) specific commitments from each university partner to hire, fund and place faculty and graduate students at the CCAM facility, as well as any collaborative efforts between CCAM industry members and university partners taking place outside the CCAM facility; (iv) a financial plan that includes specific budget estimates for operations at CCAM for fiscal year 2021 to fiscal year 2025, as well as estimates for a potential lease agreement between the Commonwealth of Virginia and CCAM; (v) specific details in regards to any outstanding loans or other outstanding debt, cash or in-kind, to public and private institutions and organizations and a financial plan for their satisfactory settlement; (vi) expansion of the membership of the Board of Directors for CCAM to include a university chief financial officer and a schedule for rotation of this Board seat among its university partner institutions; (vii) specific guidelines to implement the grant programs listed in paragraphs P.3. and P.4. of this Item; and, (viii) any other additional information that may be requested by VEDP.

3. Out of the amounts in this Item, VEDP shall provide \$1,100,000 in the second year from the general fund to CCAM for the purpose of providing private sector incentive grants to industry members of the CCAM as follows: (i) incentive grants for new industry members with no prior membership at CCAM; (ii) incentive grants to small manufacturing members who locate their primary job center in the Commonwealth, as determined by VEDP, in order to mitigate inaugural, industry membership costs associated with joining CCAM; and (iii) grants dedicated to CCAM industry members to be used exclusively for research project costs and require a minimum one-to-one match in funds to conduct additional directed research at the CCAM facility after their base amount of directed research is programmed.

4. Out of the amounts in this Item, VEDP shall provide \$600,000 in the second year from the general fund to CCAM for university research grants requiring a minimum one-to-one match in funds that bring in external research funds from federal or private organizations for research to be conducted at the CCAM facility. All project approvals are contingent upon each university partner entering into a memorandum of understanding (MOU) with CCAM that includes specific details about the university's anticipated commitment of financial and human resources, as well as programming and academic credentialing plans, to the CCAM facility.

5. No grant funds shall be disbursed until the conditions of paragraph P.2. of this Item have been met and approval from VEDP has been granted.

6. CCAM shall submit a report on October 1, 2019, to the Secretary of Finance and Chairmen of the House Committee on Appropriations and Senate Finance Committee containing a status update of all new incentive programs, including but not limited to the following: (i) MOUs it has entered into with each university partner; (ii) funds disbursed to both university and private sector partners of CCAM, as well as any other recipients; (iii) any other agreements CCAM has entered into with representatives of the public and private sectors that may impact current and future incentive fund disbursements; and (iv) any additional information requested by VEDP, the Secretary of Finance, or the Chairmen of the House Committee on Appropriations and Senate Finance Committee.

Q. Out of the amounts in this Item, \$4,865,700 the first year and \$4,865,700 the second year from the general fund

shall be provided to strengthen and promote economic development initiatives. The funding shall be allocated as follows: \$366,000 the first year and \$366,000 the second year to expand and rebrand the Virginia Jobs Investment Program, \$950,000 the first year and \$950,000 the second year to support the Virginia International Trade Alliance, \$1,900,000 the first year and \$1,900,000 the second year to match federal grants for the Going Global Defense Initiative and the State Trade Export Promotion (STEP) grant program, \$605,000 the first year and \$605,000 the second year to Support Virginia exporters, \$250,000 in each year to implement the recommendations of the Virginia Sustained Growth Study and \$794,700 in each year to support US and international business attraction.

R. Any requests for administrative or staff support for the Committee on Business Development and Marketing or the Committee on International Trade established to advise the Virginia Economic Development Partnership shall be directed to, and are subject to the approval of, the Chairman or the Chief Executive Officer of the Virginia Economic Development Partnership.

S. Out of the amounts in this item, \$2,000,000 in the first year from the general fund is provided for the development of a site and building assessment and development program to identify, assess and develop the Commonwealth's industrial sites. Notwithstanding § 2.2-2238, the Virginia Economic Development Partnership may include sites of at least 25 acres in developing such a program and shall establish assessment guidelines and procedures for identification of industrial sites, resource requirements, and development oversight. The Authority shall invite participation by regional and industry stakeholders to assess potential sites, identify product shortfalls, and make recommendations to the Governor and General Assembly for marketing such sites, in alignment with the goals outlined in the Governor's economic development plan and other economic development initiatives. Up to \$2,000,000 may be utilized for characterization of publicly or privately-owned sites. No public funds associated with this program may be utilized to develop any sites owned exclusively by private interests unless such private interests contractually commit to refund the Commonwealth for its investment at the time the property is sold or leased for an eligible or ineligible use.