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# VIRGINIA STATE BUDGET

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2022 Special Session I

## Budget Bill - HB29 (Chapter 1)

Bill Order » Office of Commerce and Trade » Item 112

Economic Development Incentive Payments

Item 112	First Year - FY2021	Second Year - FY2022
<b>Economic Development Services (53400)</b>	<b>\$70,491,733</b>	<b>\$75,915,483</b> <b>\$98,085,483</b>
Financial Assistance for Economic Development (53410)	\$70,491,733	\$75,915,483 \$98,085,483
Fund Sources:		
General	\$70,341,733	\$75,765,483 \$97,935,483
Dedicated Special Revenue	\$150,000	\$150,000

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Authority: Discretionary Inclusion.

A.1. Out of the appropriation for this Item, \$19,750,000 the first year and \$19,750,000 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, \$4,946,900 the first year and \$4,381,900 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. Out of the appropriation for this Item, \$3,000,000 the first year and \$4,000,000 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.

D.1. 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 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.

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.

3. Notwithstanding § 2.2-5102.1.E. or any other provision of law, and subject to appropriation by the General Assembly, up to \$8,000,000 in economic development incentive grants is authorized for eligible projects to be awarded on or after July 1, 2017, but before June 30, 2019. Any eligible project awarded such grants shall be subject to the conditions set forth in § 2.2-5102.1. Any additional grant awards not authorized by this act, including any awards after June 30, 2019, shall require separate legislation.

E. Out of the appropriation for this Item, \$4,669,833 the first year and \$4,669,833 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.

F. Out of the appropriation for this Item, \$500,000 the first year and \$500,000 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.

G. Out of the appropriation for this Item, \$20,000,000 the first year from the general fund shall be deposited to the Semiconductor Manufacturing Grant Fund for the award of grants to a qualified semiconductor manufacturing company in a qualified locality in accordance with § 59.1-284.32, Code of Virginia, and subject to performance metrics agreed to in a memorandum of understanding with the Commonwealth.

H. Out of the appropriation in this Item, \$8,000,000 the first year and \$8,000,000 second year from the general fund shall be deposited to the Advanced Shipbuilding Production Facility Grant Fund for grants to be paid in accordance with § 59.1-284.29, Code of Virginia.

I. Out of the appropriation in this Item, \$5,310,000 the first year and \$5,190,000 the second year from the general fund shall be deposited to the Special Workforce Grant Fund for grants to be paid in accordance with § 59.1-284.30, Code of Virginia.

J. Out of the appropriation in this Item, \$2,000,000 the first year and \$2,000,000 the second year from the general fund shall be deposited to a special, nonreverting fund for the award of grants to a qualified truck manufacturing company in a qualified locality in accordance with § 59.1-284.33, Code of Virginia.

K.1. Out of the appropriation in this Item, \$730,000 the first year and \$2,993,750 the second year from the general fund shall be deposited to a special, nonreverting fund for the award of grants in accordance with § 59.1-284.36, Code of Virginia.

2. Of the amounts deposited to the fund, \$2,500,000 the second year may be awarded as grants to a qualified pharmaceutical company in a qualified locality pursuant to § 59.1-284.35 and 59.1-284.36, Code of Virginia.

3. Of the amounts deposited to the fund, \$730,000 the first year and \$493,750 the second year may be awarded as grants to a comprehensive community college and a baccalaureate public institution of higher education in or near the eligible county pursuant to § 59.1-284.37, Code of Virginia.

L. Out of the appropriation in this Item, \$500,000 the second year from the general fund shall be deposited to a special, nonreverting fund for the award of grants to a qualified advanced production company in a qualified locality in accordance with § 59.1-284.34, Code of Virginia.

M.1. Out of the amounts in this item, \$425,000 the first year and \$825,000 the second year from the general fund shall be deposited to the Governor's New Airline Service Incentive Fund to assist in the provision of marketing, advertising, or promotional activities by airlines in connection with the launch of new air passenger service at Virginia airports, and to incentivize airlines that have committed to commencing new air passenger service in Virginia, pursuant to the provisions of § 2.2-2320.1, Code of Virginia.

2. Notwithstanding the provisions of § 2.2-2320.1, Code of Virginia, 25 percent of the annual appropriation to the Governor's New Airline Service Incentive Fund shall be set aside for projects in Virginia commercial airports with less than 400,000 enplanements per calendar year for the purposes of economic development in these areas. Enplanement data shall come from the Federal Aviation Administration.

N. Out of the appropriation in this Item, \$5,625,000 the second year from the general fund shall be deposited to a special, nonreverting fund for the award of grants to a qualified technology company in a qualified locality in accordance with Senate Bill 1156 of the 2021 General Assembly, Special Session I and subject to performance metrics agreed to in a memorandum of understanding with the Commonwealth.

~~O.1. Out of the amounts in this item, \$10,000,000 the second year from the general fund shall be provided to the~~

City of Petersburg for expenses incurred from the installation of a water tank and associated infrastructure at a chemical plant complex in the city. The water tank and associated infrastructure shall be adequate to ensure the water pressure can support the minimum fire protection and manufacturing needs of a regional pharmaceutical manufacturing cluster.

2. Disbursement of these funds shall require an executed memorandum of understanding with the Virginia Economic Development Partnership and the City of Petersburg by a pharmaceutical manufacturer that sets forth the requirements for capital investments and the creation of new full-time jobs. Such requirements shall include at a minimum, new capital investments of \$105,800,000 and the creation of 88 new full-time jobs in the City of Petersburg.

3. Disbursement of these funds is contingent upon the City of Petersburg executing a loan through the Department of Environmental Quality's Virginia Clean Water Revolving Loan Fund to address sewer improvements at the chemical plant complex. The amount of the loan shall be sufficient to provide water and sewer improvements necessary to sustain a regional pharmaceutical manufacturing cluster, including the construction of a pump station that will substantially increase sewer capacity.

P. Out of the appropriation in this item, \$6,330,000 the second year from the general fund shall be deposited to a special, nonreverting fund for the award of grants to a qualified shipping and logistics company in a qualified locality in accordance with House Bill 5001 of the 2021 General Assembly, Special Session I and subject to performance metrics agreed to in a memorandum of understanding with the Commonwealth.

Q. Notwithstanding any provisions of § 30-310, Code of Virginia, the MEI Commission shall only be required to review economic development incentive packages in which a business relocates or expands its operations in one or more Virginia localities and simultaneously closes its operations or substantially reduces the number of its employees in another Virginia locality that exceed \$250,000 in aggregate incentive investments.

*R.1. Out of the amounts in this Item, \$8,500,000 the second year from the general fund shall be provided to the County of Wythe for expenses related to the installation of a water tank in Progress Park, wastewater treatment plant improvements, and wastewater line extensions in the County. The improvements are meant to enhance infrastructure for businesses in Progress Park and properties in the surrounding area, including a nitrile butadiene rubber production plant and a medical-grade glove manufacturing facility (together, the "New Businesses") in Progress Park.*

*2. Disbursement of these funds shall be at the discretion of the Virginia Economic Development Partnership Authority, based upon arrangements with the County of Wythe and the New Businesses setting forth the terms and conditions of the distribution to the County of Wythe and any expected repayment, should the New Businesses fall short of their promises to invest at least \$714.1 million at Progress Park, and to create at least 2,464 new jobs that pay an average annual wage of at least \$37,321 related to their operations at Progress Park.*

*S.1. Out of this appropriation, \$15,000,000 the second year from the general fund shall be deposited to the Property Analytics Firm Infrastructure Fund for expenses related to public infrastructure improvements, including commuter access and parking, pedestrian access, roadway and traffic improvements, safety enhancements, site preparation and utilities in the City of Richmond (the City). These improvements will serve the existing and proposed facilities for a real property analytics firm (the Company) located in the City, the employees of the firm, and other visitors to the vicinity of the facilities.*

*2. Disbursement of these funds shall be based upon an agreement (the Agreement) between the City, the Company and the Virginia Economic Development Partnership Authority setting forth the terms and conditions of the distribution of funds to the City and any expected repayment should the Company fall short of its promises to invest at least \$460,500,000 at the facilities, and to create at least 1,984 new jobs that pay an average annual wage of at least \$85,000 related to its operations at the facilities.*

3. There is hereby created a nonreverting fund to be known as the Property Analytics Firm Infrastructure Fund. The Fund shall be established on the books of the Comptroller. All funds appropriated to the Fund shall be paid into the Fund and credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used for the purpose to pay or reimburse the costs of the public infrastructure improvements pursuant to paragraph S.1. of this item. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller pursuant to paragraph S.5. of this item.

4. The Company shall provide evidence, satisfactory to the Secretary of Commerce and Trade, annually of (i) the aggregate number of new full-time jobs in place as of the last day of each calendar year and (ii) the aggregate amount of the capital investment made as of the last day of each calendar year. The application and evidence shall be filed with the Secretary in person, by mail, or as otherwise agreed upon in the memorandum of understanding by no later than April 1 each year reflecting performance in and through the prior calendar year. The Virginia Economic Development Partnership Authority will use this information to calculate the extent to which the Company may owe a repayment of the funds expended from the Fund, should there be a shortfall from the targeted capital investment or new jobs required by paragraph S.2. Any required repayment of funds should be deposited into the general fund.

5. Disbursement of moneys from the Fund shall be at the request of the Secretary of Commerce and Trade and the Virginia Economic Development Partnership Authority, based upon arrangements with the City and the Company in the Agreement.

6. The Company shall make available to the Secretary of Commerce and Trade for inspection, upon request, all documents relevant and applicable to determining compliance with the terms and conditions of the Agreement. All such documents appropriately identified by the Company shall be considered confidential and proprietary.

T.1. Out of this appropriation, \$15,000,000 the second year from the general fund shall be provided to the Virginia Commercial Space Flight Authority (Virginia Space) for expenses related to the construction of a 20,000 square foot shell building at the Wallops Island Flight Facility. The funding provided in this paragraph shall be used for clearing and grading the site, making necessary infrastructure improvements, and building construction.

2. Disbursement of these funds shall be at the discretion of the Virginia Economic Development Partnership Authority, based upon an agreement between Virginia Space and a guided missile and space vehicle parts manufacturing company (the Company) setting forth the terms and conditions of the distribution to Virginia Space and any expected repayment, should the Company fall short of their promises to invest at least \$103,000,000 and to create at least 246 new jobs that pay an annual wage of at least \$76,643 in Virginia. Prior to any expenditure of funds contained in this paragraph, the Virginia Economic Development Partnership Authority and Virginia Space shall ensure the Company has received the necessary approvals from the National Aeronautics and Space Administration for a Return to Pad landing.