
VIRGINIA STATE BUDGET

2023 Session

Budget Bill - HB1400 (Introduced)

Bill Order » Office of Commerce and Trade » Item 113

Economic Development Incentive Payments

Item 113	First Year - FY2023	Second Year - FY2024
Economic Development Services (53400)	\$155,583,083 \$442,743,083	\$152,697,290 \$403,577,290
Financial Assistance for Economic Development (53410)	\$155,583,083 \$442,743,083	\$152,697,290 \$403,577,290
Fund Sources:		
General	\$155,433,083 \$441,593,083	\$152,547,290 \$403,427,290
Dedicated Special Revenue	\$150,000 \$1,150,000	\$150,000

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 and Appropriations 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.

B.1. Out of the appropriation for this Item, \$2,910,000 the first year and ~~\$2,786,350~~ \$2,606,350 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, \$4,000,000 the first year and \$5,000,000 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, ~~\$1,200,000~~ \$1,860,000 the first year and ~~\$1,200,000~~ \$2,260,000 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, *and \$1,000,000 the first year from nongeneral funds is hereby appropriated*, 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.

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 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.

H. Out of the appropriation in this Item, \$300,000 the first year and \$1,742,857 the second year from the general fund shall be deposited to the Truck Manufacturing Grant Fund for grants to be paid in accordance with § 59.1-

[284.33](#), Code of Virginia.

I.1. Out of the appropriation in this Item, \$2,993,750 the first year and \$2,993,750 the second year from the general fund shall be deposited to the Pharmaceutical Manufacturing Grant Fund for grants to be paid in accordance with § [59.1-284.36](#), Code of Virginia.

2. Of the amounts deposited to the fund, \$2,500,000 the first year and \$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, \$493,750 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.

J. Out of the appropriation in this Item, \$1,300,000 the first year and \$1,300,000 the second year from the general fund shall be deposited to the Advanced Production Grant Fund for grants to be paid in accordance with § [59.1-284.34](#), Code of Virginia.

K.1. Out of the amounts in this Item, \$825,000 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.

L. Out of the appropriation in this Item, \$5,625,000 the first year and \$5,625,000 the second year from the general fund shall be deposited to the Technology Development Grant Fund for grants to be paid in accordance with § [59.1-284.38](#), Code of Virginia.

M. Out of the appropriation in this Item, \$1,359,500 the first year and \$1,154,500 the second year from the general fund shall be deposited to the Shipping and Logistics Headquarters Grant Fund for grants to be paid in accordance with § [59.1-284.39](#), Code of Virginia.

N. 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.

O. Out of the appropriation in this Item, ~~\$42,500,000~~ *\$78,000,000* the first year and \$42,500,000 the second year from the general fund shall be deposited to the Major Headquarters Workforce Grant Fund for grants to be paid in accordance with § [59.1-284.31](#), Code of Virginia.

P.1. Out of the appropriation in this item, ~~\$54,500,000~~ *\$104,500,000* the first year, and \$54,500,000 the second year from the general fund shall be provided for the Virginia Business Ready Sites Program Fund, and shall be used in accordance with the provisions of Chapter 83 of the 2022 Acts of Assembly. As a condition of the grants awarded from these funds, the Virginia Economic Development Partnership Authority shall require grant recipients to provide matching funds.

2. It is the intent of the General Assembly that the Virginia Economic Development Partnership Authority consider investing these funds in economic development sites over 1,000 acres ("mega-sites"), and smaller sites of at least 50 acres concentrated in GO Virginia Regions 1 and 2.

3. Notwithstanding the provisions of Chapter 83 of the 2022 Acts of Assembly, the Virginia Economic Development Partnership Authority may reimburse localities, without a local match requirement, for fees associated with rezoning land for the purpose of building a portfolio of strategic economic development sites in Virginia from the funds provided in this paragraph.

4. The Virginia Economic Development Partnership Authority may use up to \$19,000,000 of the funds provided in this paragraph for an economic development project approved by the MEI Project Approval Commission on May 17, 2022.

Q. Included in the amounts in this item, \$5,000,000 the first year from the general fund is provided to the Frederick County Economic Development Authority for regional economic development initiatives and construction or improvements to facilities that support the growth of small aerospace, avionics, and unmanned systems companies in Planning District 7. Prior to the release of any funds to the Authority, documentation shall be provided, to the satisfaction of the Secretary of Commerce and Trade and the Secretary of Finance, that matching funding, exclusive of in-kind contributions or currently pledged amounts, from local or other non-state sources are available to be pledged to the project. Funding shall be released only upon the written approval of the Governor and any funding not awarded by June 30, 2023 shall revert to the general fund.

R. The State Comptroller shall continue the Property Analytics Firm Infrastructure Fund as established in Item 112, Paragraph S. of House Bill 29, 2022 General Assembly, Special Session I. All moneys in this Fund shall be used as provided for in Item 112, Paragraph S. of House Bill 29, 2022 General Assembly, Special Session I.

S.1. Out of the appropriation in this Item, \$200,000,000 in the first year from the general fund shall be used for a Site Acquisition Pilot Program to identify and fill gaps in the Commonwealth's current portfolio of industrial properties available for economic development projects, or be deposited to the Business Ready Sites Program Fund established in § 2.2-2240.2:1, Code of Virginia. An investment committee to be comprised of the Governor, Secretaries of Commerce and Trade and Finance, and the President and Chief Executive Officer of Virginia Economic Development Partnership Authority (VEDP) shall determine the appropriate split between the programs. In consultation with the Department of General Services (DGS), VEDP shall develop guidelines for the administration and implementation of the Site Acquisition Pilot Program. Such guidelines shall set forth clear and objective guidance as to how gaps in the Commonwealth's current portfolio of industrial properties available for economic development projects are to be identified and how the potential sites for purchase or option are to be evaluated in light of these needs in order to provide the greatest benefit to state, regional, and local economic development efforts, as follows:

2.a.1) Funds allocated to the Site Acquisition Program may be used to conduct due diligence on viable sites identified in the Site Identification Assessment for which a contract was entered into on November 9, 2022, by VEDP, to determine the scope and cost of work that would be required to make the sites project-ready, and to (i) purchase or option and (ii) develop up to three economic development sites. For the purposes of this paragraph, due diligence shall include any necessary land title, valuation, environmental, engineering, or technical studies as well as professional or consulting services related to the sites or site selection.

2.) After the completion of the Site Identification Assessment and subsequent due diligence, VEDP shall prioritize up to five economic development sites identified in the Site Identification Assessment for potential purchase or option by the Commonwealth. Such sites shall be prioritized taking into account the sites' rankings in the Site Identification Assessment together with the (i) extent to which the site will fill a gap in the inventory of needed project-ready sites in the Commonwealth; (ii) scope and cost of the work required to make the site project-ready; (iii) potential return on investment for the Commonwealth for the cost of acquiring and developing the site; and

(iv) type of industry or business for which the site would be suitable.

3). Upon prioritization of the sites, the Director, Department of Planning and Budget, is authorized to establish a capital project under the DGS for the purposes of purchasing or optioning land for up to three economic development sites and for improvements to such land, and to transfer appropriations in this paragraph to VEDP and DGS as necessary to implement the provisions of the Site Acquisition Pilot Program.

b. VEDP, in partnership with DGS, shall initiate, on behalf of the Commonwealth and in a manner that protects the Commonwealth's economic interests, the process of negotiating the purchase or option of up to three such sites identified.

c. Once an offer has been accepted by a prospective seller or optionor, DGS shall complete the purchase or option and hold the property or option on behalf of the Commonwealth. Once DGS prepares the property for economic development purposes in accordance with paragraph d. below, it shall transfer ownership of the property to VEDP pursuant to § 2.2-1150, Code of Virginia, and VEDP shall convey the property by sale or lease to the appropriate economic development user.

d. In cooperation with VEDP, DGS shall undertake such project-readiness and development work as is necessary on the sites purchased or optioned by the Commonwealth, and VEDP shall market the sites to potential economic development prospects. Upon identification of a potential purchaser or long-term lessee, DGS shall cooperate with VEDP to facilitate the transfer or lease of the property. Development is defined as improvements designed to prepare a site for construction or higher use than was possible in the site's natural state. Site development activities may include clearing; grading; improving drainage; constructing pads; mitigating environmental concerns; providing road or rail access to the site; securing rights-of-way and easements; extending utilities to the site; and undertaking other similar activities.

e. Any funds received by the Commonwealth from the sale or long-term lease of properties purchased by the Commonwealth pursuant to this paragraph shall be deposited to the general fund.

f. VEDP and DGS may use funds appropriated in Paragraph S.1. to offset administrative costs related to carrying out the provisions of Paragraph S.

g. VEDP shall include information related to the implementation of the Site Acquisition Pilot Program in its annual report pursuant to § 2.2-2237.1, Code of Virginia.

3. Nothing in this paragraph shall be construed to prohibit VEDP or DGS from partnering with other state, local, or regional public entities or private entities for the (i) purchase or option or (ii) development of sites under the Site Acquisition Pilot Program.

4. Any funds remaining at the end of the fiscal year shall not revert to the general fund at the end of the fiscal year, but shall be brought forward and reappropriated in succeeding fiscal years for its original purpose.

T.1. Contingent upon actual general fund revenue collections for fiscal year 2023 being equal to or in excess of the official fiscal year 2023 revenue estimate included in this act, there is included in the general fund appropriation in this item \$250,000,000 in the second year for the Site Acquisition Pilot Program established in paragraph S.1 through S.4, of this item.

2. In the event that actual general fund revenue collections for fiscal year 2023 are less than the official fiscal year 2023 revenue estimate included in this act, \$250,000,000 shall be unallotted and made unavailable for spending pending a determination of available resources by the Governor pursuant to Paragraph P, Item 485 of this act.

