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# VIRGINIA STATE BUDGET

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2023 Special Session I

## Budget Bill - HB6001 (Chapter 1)

Bill Order » Office of Commerce and Trade » Item 113

Economic Development Incentive Payments

Item 113	First Year - FY2023	Second Year - FY2024
<b>Economic Development Services (53400)</b>	<b>\$155,583,083</b>	<b>\$152,697,290</b> <b>\$414,366,290</b>
Financial Assistance for Economic Development (53410)	\$155,583,083	\$152,697,290 \$414,366,290
Fund Sources:		
General	\$155,433,083	\$152,547,290 \$414,216,290
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 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 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 the first year and ~~\$1,200,000~~ \$2,869,000 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. *Notwithstanding any other provision of law, any excess funds remaining in the subfund from prior fiscal years for projects previously approved shall be appropriated for expenditure in subsequent fiscal years.*

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.1. Out of the appropriation in this Item, \$42,500,000 the first year and ~~\$42,500,000~~ \$78,000,000 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.

2. *Of the amounts included in the second year, \$35,500,000 represents the appropriation of excess fiscal year 2022 general fund revenues reserved by the Comptroller in the Committed Fund balance pursuant to Item 485 L. of this act.*

P.1. Out of the appropriation in this item, \$54,500,000 the first year, and ~~\$54,500,000~~ \$179,500,000 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.

*5. Of the amounts included in the second year, \$50,000,000 represents the appropriation of excess fiscal year 2022 general fund revenues reserved by the Comptroller in the Committed Fund balance pursuant to Item 485 L. of this act.*

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. Notwithstanding any other provision of law to the contrary, a data center operator that was approved by the MEI Project Approval Commission for a grant from the Cloud Computing Cluster Infrastructure Grant Fund on December 13, 2022, shall be eligible to receive grants beginning with the Commonwealth's fiscal year starting on July 1, 2025, and ending no later than the Commonwealth's fiscal year starting on July 1, 2044, and not to exceed \$140.0 million, subject to the terms of a memorandum of understanding (MOU) entered into between such data center operator and the Commonwealth. The amount of the fiscal year grant payment for each fiscal year shall be calculated based upon an award of \$8,642 for each new full-time job created by the qualified company in the prior calendar year, and an award of \$3,364 for each \$1.0 million of capital investment by the qualified company in the prior calendar year. Prior calendar year performance for calendar year 2024 shall include capital investments made and jobs created by the company in 2023.*

T.1. Out of this appropriation, \$10,000,000 the second year from the general fund is provided for the development of an inland port in the Mount Rogers Planning District. The Virginia Port Authority shall acquire, plan, design, and develop a site for the establishment of an inland port in the Mount Rogers Planning District. The Virginia Port Authority and the Virginia Economic Development Partnership Authority shall develop a business recruitment

*strategy for the inland port and the surrounding area to provide for rapid development and utilization of the facility. The Virginia Port Authority, in consultation with the Virginia Economic Development Partnership Authority, shall provide recommendations to the Governor, the Secretary of Transportation, and the Secretary of Commerce and Trade and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on any additional infrastructure improvements needed to maximize the economic benefit of the inland port by December 1, 2023.*

*2. The Director of the Department of Planning and Budget is authorized to transfer moneys from this paragraph on a quarterly basis to the Virginia Port Authority. The Virginia Port Authority shall verify to the Secretary of Finance and the Director of the Department of Planning and Budget estimated quarterly expenses prior to the release of these funds. Any funding remaining at the end of the fiscal year 2024 shall be carried forward into the next fiscal year for the purposes described in this paragraph.*

*3. The Virginia Port Authority may collaborate with the Virginia Department of Rail and Public Transportation, Virginia Department of Transportation, the Virginia Economic Development Partnership Authority, and any federal, state, or local agency as may be necessary to support the development and utilization of an inland port. The Virginia Port Authority shall engage in negotiations with necessary parties, including railroads and beneficial cargo owners, for development of the inland port.*

*4. The Virginia Port Authority shall report quarterly to the Governor, the Secretary of Transportation, the Secretary of Commerce and Trade, and the Virginia Economic Development Partnership Authority, and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on the timeline, progress to date, and overall cost for the construction of the inland port. The first of these reports shall be due December 1, 2023.*

*U.1. Out of the appropriation in this Item, \$8,500,000 the second year from the general fund shall be provided to the Economic Development Authority of York County for support of a cruise ship port-of-call location and related visitor support and tourism on the York River at Yorktown, Virginia. Prior to the award of any funds included in this item, the Secretary of Commerce and Trade and the Secretary of Transportation shall ensure that: (i) there is an agreement with at least one cruise ship company for calls at the pier location beginning in 2023; (ii) a working group is convened among state and local agencies related to the permitting of the pier location to facilitate its development; (iii) there is outreach to tourism and other stakeholders in the region to maximize the economic impact of the pier location; (iv) the agreement will result in a positive return to the state for its investment; and (v) there is a plan to maximize philanthropic support, federal matching funds, and other funding necessary to construct and maintain the pier location. Following the completion of these items and the final approval from the Secretary of Commerce and Trade and Secretary of Transportation, the funds shall be awarded. The Secretaries shall enter into a memorandum of understanding with the Economic Development Authority of York County to outline the framework for the funding, design, procurement, and construction of the pier location, a plan for its ongoing maintenance, and to maximize the economic and tourism benefits of this facility to the Commonwealth.*

*2. The funding appropriated in this paragraph includes \$1,000,000 the second year for development and implementation of transit system improvements in conjunction with the Colonial Williamsburg Foundation to provide ground transportation from the tender pier facility to sites within the historic triangle.*

*3. Should the Secretary of Commerce and Trade and the Secretary of Transportation fail to recommend proceeding with the development of the pier location, the funds in paragraph U.1. shall revert to the general fund.*

*V. Out of this appropriation, up to \$6,000,000 the second year from the general fund shall be made available as an incentive payment, if the valuation of the property is negative and the bid is negative, to the winning purchaser of the Central Virginia Training Center property in Madison Heights, Virginia. As part of the sale of the property, the Department of General Services shall inform any potential offeror of the availability of this funding for remediation efforts on the property and that any proposal must include complete remediation and removal of existing derelict buildings, excluding those that can be rehabilitated and must be brought up to building code standards and are*

*included in the proposed development for such use, and removal of all debris from the property within 12 months after the change in ownership prior to the incentive payment being paid to the purchaser. As part of the sale of the property, the Department of General Services shall require a performance bond for the restoration and remediation of the property.*

*W. Out of the appropriation in this Item, \$75,000,000 the second year from the general fund shall be deposited to the Virginia Business Ready Sites Acquisition Fund and used in accordance with provisions of Chapter 779, 2023 Acts of Assembly, establishing the Virginia Business Ready Sites Acquisition Program and Fund to expand Virginia's portfolio of industrial properties for large-scale economic development projects.*