
VIRGINIA STATE BUDGET

2025 Session

Budget Bill - HB1600 (Enrolled)

Bill Order » Office of Commerce and Trade » Item 101

Economic Development Incentive Payments

Item 101	First Year - FY2025	Second Year - FY2026
Economic Development Services (53400)	\$93,986,649 \$150,472,331	\$86,185,426 \$61,731,826
Financial Assistance for Economic Development (53410)	\$93,986,649 \$150,472,331	\$86,185,426 \$61,731,826
Fund Sources:		
General	\$93,836,649 \$150,322,331	\$86,035,426 \$61,581,826
Dedicated Special Revenue	\$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, ~~\$3,076,350~~ \$2,686,350 the first year and ~~\$3,612,850~~ \$3,209,250 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. *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.

C. Out of the appropriation for this Item, ~~\$5,000,000~~ \$6,000,000 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, ~~\$2,239,000~~ \$2,269,000 the first year and ~~\$2,539,000~~ \$2,239,000 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 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, \$313,750 the first 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.

I.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.

J. Out of the appropriation in this Item, \$5,625,000 the first 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.

K. Out of the appropriation in this Item, \$954,500 the first year and \$954,500 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.

L. Out of the appropriation in this Item, ~~\$21,250,000~~ \$28,700,000 the first year and ~~\$21,250,000 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.

M.1. Out of the appropriation in this Item, ~~\$20,000,000~~ \$40,000,000 the first year, and \$20,000,000 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 § 2.2-2240.2:1., Code of Virginia. 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. *The authority may determine a site of at least 25 contiguous acres to be an eligible site provided that the site is located in a locality with an area of 35 square miles of land or less.*

3. Notwithstanding the provisions of § 2.2-2240.2:1., Code of Virginia, 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. For purposes of the definition of "eligible site" under the Virginia Business Ready Sites Program Fund set forth in § 2.2-2240.2:1, Code of Virginia, an otherwise eligible site shall not be considered noncontiguous solely because it is bisected by a roadway and other utility related infrastructure.

N. 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.

O. Out of the appropriation in this Item, \$4,000,000 the second year from the general fund shall be deposited to the Cloud Computing Cluster Infrastructure Grant Fund for grants to be paid in accordance with § 59.1-284.42, Code of Virginia. The funds provided in this paragraph are directed to a company made eligible for grants from the Cloud Computing Infrastructure Grant Fund in Item 113, Paragraph S., Chapter 1, 2023 Acts of Assembly, Special Session

I. The eligibility criteria, methodology for calculating the grant payments owed to the company, and total aggregate cap of grant payments that may be awarded to the eligible company as directed in Item 113, Paragraph S., Chapter 1, 2023 Acts of Assembly, Special Session I, shall continue.

P.1. Out of this appropriation, \$2,500,000 the ~~second~~ *first* 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.

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 either fiscal year 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.

Q. Out of the appropriation in this Item, \$1,633,216 the first year and \$1,404,243 the second year from the general fund shall be deposited to a ~~special, nonreverting fund~~ *the Financial Services Expansion Grant Fund* for the grants to be paid to a ~~qualified financial services company~~ in accordance with ~~§ 59.1-284.43, Code of Virginia.~~ *legislation to be considered by the 2024 General Assembly and subject to performance metrics agreed to in a memorandum of understanding with the Commonwealth.*

R.1. The Secretary of Finance shall approve a short-term, interest-free, state-supported treasury loan in an amount up to \$40,000,000 to the City of Newport News to support a capital investment from the United States Navy related to housing infrastructure.

2. The Secretary of Finance shall approve and release the loan under the following conditions: (i) the United States Navy has committed sufficient resources to fund the project; (ii) the City has provided matching funds for the project; and (iii) seventy-five percent of non-state funds secured for the project have been expended.

S.1. Out of the appropriation in this Item, \$3,895,682 the first year from the general fund shall be provided to the County of Wythe for expenses incurred prior to June 30, 2024, related to the installation of a water tank for Progress Park, wastewater treatment plant improvements, and wastewater line extensions in the County. The improvements are meant to enhance the infrastructure for businesses in Progress Park and properties in the surrounding area.

2. Disbursement of these funds shall be at the discretion of the Virginia Economic Development Partnership Authority, based upon an executed Memorandum of Understanding with the County of Wythe.

T. Any unexpended balances carried forward from fiscal year 2024, pursuant to paragraph V., Item 113, Chapter 1,

2024 Special Session I, shall be made available to the Department of General Services to demolish derelict structures, perform remediation, and market for sale the Central Virginia Training Center property in Madison Heights, Virginia. Proceeds from the sale of the property shall be deposited in the Behavioral Health and Developmental Services Trust Fund. Any funding remaining at the end of fiscal year 2025 shall be carried forward to the next fiscal year and reappropriated for the purposes described in this paragraph.

U. Out of this appropriation, \$7,500,000 the first year from the general fund is provided to the University of Virginia Medical Center for the improvement of a facility to create advanced laboratory space to support the scale up of fast-growing life sciences companies. Prior to the release of any funding in this paragraph, the University of Virginia Medical Center shall enter into a Memorandum of Understanding (MOU) with the Virginia Economic Development Partnership Authority, demonstrate a match of non-state funds equal to the amount provided in this paragraph, and the Department of Housing and Community Development shall verify to the Virginia Economic Development Partnership Authority that the Virginia Growth and Opportunity Fund grantee subject to GO Virginia Statewide Competitive Grant Contract Number 25-GOVA-10 has successfully completed the milestones required of the contract through the fourth quarter of 2025. The MOU shall include: (i) the names of the prospective occupants of the renovated lab space; and (ii) provisions related to annual reporting by the University of Virginia Medical Center on activities occurring in the renovated lab for a duration of no longer than five years including a sustainability plan for the long-term operations of the laboratory space. Any funding remaining at the end of the fiscal year 2025 shall be carried forward into the next fiscal year and reappropriated for the purposes described in this paragraph U.

V. Out of the amounts in this item, \$1,000,000 the first year from the general fund shall be provided to Chesterfield County to support site design and engineering activities for a major energy related economic development project. Such funding shall be contingent upon the execution of a Memorandum of Understanding between the Virginia Economic Development Partnership Authority and Chesterfield County that requires an equal local match and structures this funding on a reimbursement basis. The amounts provided in this paragraph V. shall not revert to the general fund at the end of any fiscal year, but shall be carried forward and reappropriated.

W. Out of this appropriation, \$3,000,000 the first year from the general fund is provided to the Virginia Economic Development Partnership Authority to support a non-profit operating a pharmaceutical manufacturing facility in developing a fast-acting insulin. Prior to any funds being disbursed, the authority shall enter into a Memorandum of Understanding (MOU) with a non-profit organization and the company shall demonstrate a match of non-state funds equal to the amount provided in this paragraph. The MOU shall include: (i) a commitment by the company to produce a fast-acting biosimilar insulin at a price of not more than \$30 per vial and not more than \$55 for five pre-filled insulin pens; (ii) provisions related to the repayment of the funds provided in this paragraph should the company fail to produce and distribute a low-cost insulin; and (iii) annual reporting by the company to the authority on the development of the fast-acting biosimilar insulin. At the conclusion of the project, the company shall be required to report to the authority on the: (i) jobs created as a result of the investment; (ii) estimated savings to residents of the Commonwealth from purchase of low-cost insulin; and, (iii) estimated potential savings to the Commonwealth as a self-insured employer from the availability of affordable insulin manufactured at a non-profit facility in Virginia. Any funding remaining at the end of the fiscal year 2025 shall be carried forward into the next fiscal year and reappropriated for the purposes described in this paragraph W.

X. Out of this appropriation, \$4,000,000 the first year from the general fund is provided to the City of Roanoke for the improvement of an existing facility to create advanced laboratory space for new cell/gene therapy companies across southwestern Virginia. Prior to the release of any funding in this paragraph, the City of Roanoke shall enter into a Memorandum of Understanding (MOU) with the Virginia Economic Development Partnership Authority, demonstrate a match of non-state funds equal to the amount provided in this paragraph from either cash or in-kind contributions, and confirm the commitment of an anchor tenant that specializes in new cell/gene therapy research and is affiliated with a nationally recognized hospital to locate in the space. The MOU shall include: (i) the name and activities of the anchor tenant that specializes in new cell/gene therapy research and is affiliated with a nationally recognized hospital; and (ii) provisions related to annual reporting by the City on activities occurring in

the renovated lab for a duration of no longer than five years. Any funding remaining at the end of the fiscal year 2025 shall be carried forward into the next fiscal year and reappropriated for the purposes described in this paragraph X.

Y. Out of this appropriation, \$6,500,000 the first year from the general fund shall be transferred to the Secretary of Commerce and Trade for disbursement to Accomack County to establish a natural gas infrastructure expansion into Accomack County. The funding may be applied to engineering, land, right-of-way, permitting, and other related costs to facilitate natural gas delivery to Accomack County. The amounts provided in this paragraph Y. shall not revert to the general fund at the end of any fiscal year, but shall be carried forward and reappropriated.