

**Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: HB2540 **Patron:** Marshall
Bill Title: Lithium-ion Battery Separator Manufacturing Grant Fund.

Bill Summary: Establishes the Lithium-ion Battery Separator Manufacturing Grant Fund to, subject to appropriation, fund 20 annual grant award installments, in an aggregate amount not to exceed \$60.597 million, to a qualified company that engages in the manufacture of lithium-ion battery separators and that executes a memorandum of understanding with the Commonwealth and the Virginia Economic Development Partnership, and that on and after July 1, 2024, but before July 1, 2025, is expected to (i) make a capital investment, defined in the bill, of at least \$1.3506 billion and (ii) create and maintain at least 2,015 new full-time jobs in in Pittsylvania County.

Budget Amendment Necessary: No. **Items Impacted:** N/A.

Explanation: This bill involves the Virginia Economic Development Partnership Authority and the Secretaries of Administration and Commerce and Trade; however, a budget amendment is not required.

Fiscal Summary: A budget amendment is not required in the 2024-2026 biennium; however, it is anticipated that a general fund appropriation will be required beginning in FY 2027. See Fiscal Analysis.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
EDIP	\$0	\$0	\$691,545	\$867,255	\$1,865,013	\$1,130,044
TOTAL	\$0	\$0	\$691,545	\$867,255	\$1,865,013	\$1,130,044

Fiscal Analysis: This impact statement is preliminary. The bill establishes a new fund, referred to as the Lithium-ion Battery Separator Manufacturing Grant Fund, to award grants to a qualified company that engages in the manufacture of lithium-ion battery separators that make a capital investment at a facility in Pittsylvania County of at least \$1.3506 billion and create at least 2,015 new full-time jobs. The bill provides that a qualified company shall be eligible to receive grants beginning in FY 2027 and ending in FY 2046. The bill provides that the timeframe may be extended in accordance with the memorandum of understanding between the qualified company and the Commonwealth. In addition, the bill specifies that the aggregate amount of grants payable, to be paid in 20 annual fiscal year installments, shall not exceed \$60.6 million. The actual amount of grants paid from the Fund is subject to appropriation by the General Assembly and will be contingent upon the company meeting the performance requirements set forth in the memorandum of understanding.

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The Fund will be administered by the Virginia Economic Development Partnership (VEDP) and the Secretary of Commerce and Trade. VEDP is a political subdivision of the Commonwealth and is not a part of the state accounting system, Cardinal. This bill specifies that the Fund shall be a part of the state treasury. As such, a fiscal agent will be necessary to assist with administration of the Fund. Currently, the Division of Executive Administrative Services under the Secretary of Administration serves as fiscal agent for VEDP for other grant funds. It is anticipated that any costs to administer the program may be absorbed in current resources.

Other: SB1207 is the companion to this bill.