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**HOUSE BILL NO. 2397**  
AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the House Committee on General Laws  
on January 28, 2025)  
(Patron Prior to Substitute—Delegate Glass)

A *BILL to amend and reenact § 2.2-2489 of the Code of Virginia, relating to Virginia Growth and Opportunity Act; eligibility for grants.*

**Be it enacted by the General Assembly of Virginia:**

**1. That § 2.2-2489 of the Code of Virginia is amended and reenacted as follows:  
§ 2.2-2489. Award of grants to regional councils.**

A. The Board shall establish guidelines, procedures, and objective criteria for the award and distribution of grants from the Fund to regional councils.

B. In order to qualify to receive grants from the Fund, a regional council shall develop an economic growth and diversification plan to (i) promote private-sector growth and opportunity in the region; (ii) identify issues of economic competitiveness for the region, including gaps in education and skills required to meet existing and prospective employer needs within the region; and (iii) outline steps that the collaborating business, education, and government entities in the region will pursue to expand economic opportunity, diversify the economy, and align workforce development activities with the education and skills needed by employers in the region. A regional council shall review such plan not less than biennially while the regional council is receiving grants from the Fund.

C. *1.* The Board shall only consider those regional activities endorsed by a regional council in its application for grants from the Fund. For any regional activity included in a regional council's application, the regional council shall identify (i) the amount of grants requested and the number of years for which grants are sought; (ii) the participating business, education, and government entities and their respective roles and contributions; (iii) the private, local, and other sources of nonstate funding that the grant from the Fund will assist in generating, including specific amounts pledged by such sources as of the application date; (iv) how the regional activity addresses the skills gaps identified in the council's economic growth and diversification plan; and (v) the economic impact or other outcomes that are reasonably expected to result from the proposed regional activity, including timetables and means of measurement.

*2. Additionally, a regional council may include in its application, and the Board may consider, regional activities that substantially promote the objectives described in the plan required by subsection B where there exists a demonstrable gap in services that negatively impacts a region's ability to grow one or more trade sector industry clusters.*

D. Regional activities eligible for grants from the Fund shall be focused on high-impact, collaborative projects in a region that promote new job creation, entrepreneurship, and new capital investment; leverage nonstate resources to enhance collaboration; foster research, development, and commercialization activities; encourage cooperation among public bodies to reduce costs and duplication of government services; and promote other economic or workforce development activities consistent with this article that are authorized by the Board. The Board shall give initial priority to grant proposals that promote workforce development and other activities focused on eliminating skills gaps identified in a region's economic growth and diversification plan.

E. In determining a regional council's eligibility to receive grants from the Fund, and the amount of such grants, the Board shall review and score the proposed regional activities. Scores shall be assigned on the basis of predetermined criteria established by the Board in its guidelines and procedures based on the following factors:

1. The expected economic impact or outcome of the activity, with particular emphasis on goals identified in the regional council's plan for economic growth and diversification;

2. The fiscal resources from non-Fund sources that will be committed to the activity, including local or federal funds, private contributions, and cost savings expected to be achieved through regional collaboration;

3. The number and percentage of localities, including political subdivisions and bodies corporate and politic, within the region that are participating in the activity, the portion of the region's population represented by the participating localities, and the participation of localities that are outside of the applicant region;

4. The compatibility with other projects, programs, or existing infrastructure in a region to maximize the leverage of grants from the Fund to encourage new collaborative activities;

5. The expected economic impact and outcomes of the project and the complexity of the project relative to the size of the economy of the region or to the population of the participating localities;

6. The projected cost savings and other efficiencies generated by the proposed activity, and the local resources generated by collaboration that have been or will be repurposed to support the activity;

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60 7. The character of the regional collaboration, including the nature and extent of the regional effort  
61 involved in developing and implementing the proposed activity, the complexity of the activity, the  
62 prospective impact on relations between and among the affected localities, and the prospective impact on  
63 collaboration between and among business, education, and government entities in the region;

64 8. Interstate, inter-regional, and other beneficial forms of collaboration, if any, that will accompany, result  
65 from, or be encouraged by the activity;

66 9. Efficiency in the administration and oversight of regional activities; and

67 10. Other factors deemed to be appropriate by the Board.

68 F. Each regional council awarded a grant from the Fund shall issue an annual report that shall include, at a  
69 minimum, an assessment of the impact and outcomes from regional activities supported by grants from the  
70 Fund and the region's overall progress in addressing the goals and strategies identified in the region's plan for  
71 economic growth and diversification. Such assessment shall address performance criteria prescribed in the  
72 program guidelines and procedures.

73 G. Subject to the provisions of § 2.2-2488 and this section, once a regional council becomes eligible for  
74 grants from the Fund, the regional council may continue to apply for and receive grants from the Fund to  
75 support economic activities consistent with the regional council's economic growth and diversification plan in  
76 such amounts and for such duration as the Board may determine in accordance with its guidelines and  
77 procedures. The Board may terminate any payments to regional councils that fail to perform in accordance  
78 with this article, the Board's guidelines or procedures, or any conditions expressly agreed upon as part of a  
79 grant award, or for malfeasance. The Board may require the refund of moneys from the Fund upon such  
80 termination. Grants that are terminated shall revert to the Fund for distribution on an unallocated competitive  
81 basis.

82 H. In making Fund recommendations and awards, the Board may consider regional activities that  
83 commenced prior to the enactment of this article, provided that the grant-funded program or project will  
84 expand the scope of, or increase the number of localities participating in, such preexisting activity.

85 I. No regional council may have outstanding grant commitments of more than 25 percent of the total  
86 amount appropriated to the Fund.

87 J. The year for grant payments shall be the Commonwealth's fiscal year following the calendar year in  
88 which the region qualifies, with payments made annually by the Comptroller upon certification by the Board.  
89 Grant amounts shall be made at the sole discretion of the Board.

90 K. (Effective until July 1, 2025) Any grant awarded from the Fund to a regional council shall require  
91 matching funds at least equal to half the amount of the grant. Such matching funds may be from local,  
92 regional, federal, or private funds. Matching funds may also be from grants awarded to a locality by the  
93 Tobacco Region Revitalization Commission but shall not include any other state general or nongeneral funds,  
94 from whatever source.

95 K. (Effective July 1, 2025 until July 1, 2028) Any grant awarded from the Fund to a regional council shall  
96 require matching funds at least equal to half the amount of the grant. Such matching funds may be from local,  
97 regional, federal, or private funds, but shall not include any state general or nongeneral funds, from whatever  
98 source.

99 K. (Effective July 1, 2028) Any grant awarded from the Fund to a regional council shall require matching  
100 funds at least equal to the grant, provided, however, that the Board shall have the authority to reduce the  
101 match requirement to no less than half of the grant upon a finding by the Board of fiscal distress or an  
102 exceptional economic opportunity in a region. Such matching funds may be from local, regional, federal, or  
103 private funds, but shall not include any state general or nongeneral funds, from whatever source.

104 L. Decisions of the Board shall be final and not subject to review or appeal.