

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend the Code of Virginia by adding in Title 59.1 a chapter numbered 22.23, consisting of a section numbered 59.1-284.44, relating to Lithium-ion Battery Separator Manufacturing Grant Fund.

[H 2540]

Approved

Be it enacted by the General Assembly of Virginia:
1. That the Code of Virginia is amended by adding in Title 59.1 a chapter numbered 22.23, consisting of a section numbered 59.1-284.44, as follows:

CHAPTER 22.23.

LITHIUM-ION BATTERY SEPARATOR MANUFACTURING GRANT FUND.

§ 59.1-284.44. Lithium-Ion Battery Separator Manufacturing Grant Fund.

A. As used in this chapter, unless the context requires a different meaning:

"Capital investment" means an expenditure by or on behalf of a qualified company on or after July 1, 2024, on or for real property, taxable tangible personal property, or both, at a facility in an eligible locality that is properly chargeable to a capital account or would be so chargeable with a proper election under Virginia law. Such term shall include (i) the purchase or lease of furniture, fixtures, business personal property, machinery, and tools, including under an operating lease, and (ii) expected building construction and up-fit by or on behalf of a qualified company.

"Eligible locality" means Pittsylvania County.

"Facility" means the building, group of buildings, or corporate campus, including any related machinery and tools, furniture, fixtures, and business personal property, that is located at or near a qualified company's operations in an eligible locality and is owned, leased, licensed, occupied, or otherwise operated by a qualified company.

"Fund" means the Lithium-Ion Battery Separator Manufacturing Grant Fund.

"Grants" means the grant payments from the Fund that are awarded to a qualified company in an aggregate amount not to exceed \$60,597,000. The proceeds of any grants may be used by the qualified company for costs of construction and development of the facility, or any other lawful purpose.

"Memorandum of understanding" means a performance agreement or related document to be entered into by a qualified company, the Commonwealth, and VEDP that sets forth the requirements for capital investment and the creation of new full-time jobs by a qualified company to be eligible for grants from the Fund.

"New full-time job" means a job position for an employee of a qualified company (i) that is principally located at a facility; (ii) for which the average annual wage is at least \$45,896, subject to an escalation factor for each year as set forth in the memorandum of understanding; (iii) for which the qualified company provides standard fringe benefits; and (iv) that requires a minimum of either (a) 35 hours of an employee's time per week for the entire normal year of the qualified company's operations, which "normal year" shall consist of at least 48 weeks, or (b) 1,680 hours per year. Seasonal or temporary positions and positions with construction contractors, vendors, suppliers, and similar multiplier or spin-off jobs shall not qualify as new full-time jobs. The Commonwealth may assess compliance with the new full-time job requirements for a qualified company by reference to the new payroll generated by a qualified company if provided for in the memorandum of understanding.

"Qualified company" means a company, including its affiliates, that engages in the manufacture of lithium-ion battery separators and that on and after July 1, 2024, but before July 1, 2045, is expected to (i) make a capital investment of at least \$1.3506 billion and (ii) create and maintain at least 2,015 new full-time jobs.

"Secretary" means the Secretary of Commerce and Trade or his designee.

"VEDP" means the Virginia Economic Development Partnership Authority.

B. There is hereby created in the state treasury a special nonreverting fund to be known as the Lithium-Ion Battery Separator Manufacturing Grant Fund. The Fund shall be established on the books of the Comptroller. All funds appropriated to the Fund shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used to pay grants pursuant to this chapter. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller pursuant to subsection F.

C. A qualified company shall be eligible to receive grants each fiscal year expected to begin with the

Commonwealth's fiscal year starting on July 1, 2026, and ending with the Commonwealth's fiscal year starting on July 1, 2045, unless such timeframe is extended in accordance with a memorandum of understanding. Grants awarded pursuant to this section shall be subject to appropriation by the General Assembly during each such fiscal year and are contingent on a qualified company meeting the requirements set forth in this chapter and in the memorandum of understanding for the number of new full-time jobs created and maintained and the amount of capital investment made.

D. The aggregate amount of grants payable under this section shall not exceed \$60,597,000. Grants are anticipated to be paid in 20 annual fiscal year installments, calculated in accordance with a memorandum of understanding, as follows:

1. \$691,545, for the Commonwealth's fiscal year beginning July 1, 2026;
2. \$1,558,800, less the total amount of grants previously awarded pursuant to this subsection, for the Commonwealth's fiscal year beginning July 1, 2027;
3. \$3,423,813, less the total amount of grants previously awarded pursuant to this subsection, for the Commonwealth's fiscal year beginning July 1, 2028;
4. \$4,553,857, less the total amount of grants previously awarded pursuant to this subsection, for the Commonwealth's fiscal year beginning July 1, 2029;
5. \$6,928,781, less the total amount of grants previously awarded pursuant to this subsection, for the Commonwealth's fiscal year beginning July 1, 2030;
6. \$11,147,397, less the total amount of grants previously awarded pursuant to this subsection, for the Commonwealth's fiscal year beginning July 1, 2031;
7. \$15,084,768, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2032;
8. \$19,253,760, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2033;
9. \$22,699,410, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2034;
10. \$26,145,060, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2035;
11. \$29,590,710, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2036;
12. \$33,036,360, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2037;
13. \$36,482,010, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2038;
14. \$39,927,660, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2039;
15. \$43,373,310, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2040;
16. \$46,818,960, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2041;
17. \$50,264,610, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2042;
18. \$53,710,260, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2043;
19. \$57,155,910, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2044; and
20. \$60,597,000, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2045.

In accordance with the memorandum of understanding, actual grant payment amounts and fiscal years may differ from the schedule in this subsection and may be extended beyond the fiscal year beginning July 1, 2045, but in no event shall the aggregate amount of grant payments across all fiscal years exceed \$60,597,000. In addition, in no event shall grants be paid from the Fund for more than 20 consecutive years. Any grants not earned by the end of a 20-year payment period shall be forfeited.

E. A qualified company applying for a grant installment under this section shall provide verifiable documentation satisfactory to the Secretary evidencing (i) the aggregate number of new full-time jobs created and maintained as of the last day of the calendar year preceding the application and (ii) the amount of capital investment made in the calendar year preceding the application. The application and evidence shall be filed with the Secretary in person, by mail, or as otherwise agreed upon in the memorandum of understanding no later than April 1 each year reflecting performance through the last day of the prior calendar year. Failure to meet the filing deadline shall result in a deferral of any scheduled grant installment payment pursuant to subsection D. For such filings made by mail, the postmark cancellation shall govern for

purposes of the date of the filing determination.

F. Within 60 days of receiving an application and satisfactory evidence pursuant to subsection E, the Secretary shall certify to the Comptroller and the qualified company the amount of grants to which such qualified company is entitled for payment. Payment of such grants shall be made by check issued by the State Treasurer on warrant of the Comptroller in the Commonwealth's fiscal year following the submission of an application. The Comptroller shall not draw any warrant to issue checks for grants without a specific appropriation for the same.

G. As a condition of receipt of grants under this section, a qualified company shall make available to the Secretary for inspection, upon request, all documents that are relevant or applicable to determining whether the qualified company has met the requirements for receipt of a grant pursuant to this section and subject to the memorandum of understanding. Any such documents appropriately identified by a qualified company shall be considered confidential and proprietary.