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1 **HOUSE BILL NO. 1138**

2 Offered January 14, 2026

3 Prefiled January 14, 2026

4 *A BILL to amend and reenact §§ 2.2-2240.3 and 2.2-5101 of the Code of Virginia, relating to economic*
5 *development incentives; wage requirements.*

6 Patron—Austin

7 Referred to Committee on Appropriations

8 **Be it enacted by the General Assembly of Virginia:**9 **1. That §§ 2.2-2240.3 and 2.2-5101 of the Code of Virginia are amended and reenacted as follows:**10 **§ 2.2-2240.3. Definitions; Virginia Jobs Investment Program and Fund; composition; general**
11 **qualifications.**12 A. As used in this section and §§ 2.2-2240.4, 2.2-2240.5, and 2.2-2240.6, unless the context requires a
13 different meaning:14 "Capital investment" means an investment in real property, personal property, or both, at a manufacturing
15 or basic nonmanufacturing facility within the Commonwealth that is or may be capitalized by the company
16 and that establishes or increases the productivity of the manufacturing facility, results in the utilization of a
17 more advanced technology than is in use immediately prior to such investment, or both.18 "Economically distressed locality" means a locality that has an unemployment rate (i) for the most recent
19 calendar year for which such data is available that is greater than the final statewide average unemployment
20 rate for that calendar year or (ii) with a poverty rate for the most recent calendar year for which such data is
21 available that exceeds the statewide average poverty rate for that year.22 "Full-time employee" means a natural person employed for indefinite duration in a position requiring a
23 minimum of either (i) 35 hours of the employee's time per week for the entire normal year, which "normal
24 year" shall consist of at least 48 weeks, or (ii) 1,680 hours per year. Seasonal or temporary employees shall
25 not qualify as new full-time employees under the Program.

26 "Fund" means the Virginia Jobs Investment Program Fund created in this section.

27 "Prevailing average wage" means that amount determined by the Virginia Employment Commission to be
28 the average wage paid to workers in the city or county of the Commonwealth where the job creation or
29 sustainment project is located. The prevailing average wage shall be determined without regard to any fringe
30 benefits.

31 "Program" means the Virginia Jobs Investment Program created in this section.

32 B. There is hereby created the Virginia Jobs Investment Program to support private sector job creation by
33 encouraging the expansion of existing Virginia businesses and the start-up of new business operations in
34 Virginia. The Program shall support existing businesses and economic development prospects by offering
35 funding to offset recruiting and training and retraining costs incurred by companies that are either creating
36 new jobs or implementing technological upgrades and by providing assistance with workforce-related
37 challenges and organizational development workshops.

38 C. The Program shall consist of the following component programs:

39 1. The Virginia New Jobs Program;
40 2. The Workforce Retraining Program; and
41 3. The Small Business New Jobs and Retraining Programs.

42 D. To be eligible for assistance under any of the component programs of the Program, a company shall:

43 1. Create or sustain employment for the Commonwealth in a basic sector industry or function, which
44 would include businesses or functions that directly or indirectly derive more than 50 percent of their revenues
45 from out-of-state sources, as determined by the Authority;46 2. Pay a minimum entry level wage rate per hour of at least 1.2 times the federal minimum wage or the
47 Virginia minimum wage, as required by the Virginia Minimum Wage Act (§ 40.1-28.8 et seq.), whichever is
48 higher. In areas that have an unemployment rate of one and one-half times the statewide average
49 unemployment rate, the wage rate minimum may be waived by the Authority an average wage for the jobs
50 eligible for assistance that is (i) no less than the prevailing average wage or (ii) in the case of an
51 economically distressed locality, no less than 85 percent of the prevailing average wage. Only full-time
52 positions that qualify for include fringe benefits for the employee shall be eligible for assistance; and

53 3. Meet such additional criteria as may be set forth by the Authority.

54 E. There is hereby established in the state treasury a special nonreverting fund to be known as the Virginia
55 Jobs Investment Program Fund (the Fund). The Fund shall consist of any moneys appropriated thereto by the
56 General Assembly from time to time and designated for the Fund. Any moneys deposited to or remaining in

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59 the Fund during or at the end of each fiscal year or biennium, including interest thereon, shall not revert to the
60 general fund but shall remain in the Fund and be available for allocation under this article in ensuing fiscal
61 years. Moneys in the Fund shall be used solely for grants to eligible businesses as permitted by the Program.
62 The total amount of funds provided to eligible businesses under the Program for any year, shall not exceed
63 the amount appropriated by the General Assembly to the Fund for such year, plus any carryover from
64 previous years. Expenditures and disbursements from the Fund shall be made by the State Treasurer on
65 warrants issued by the Comptroller upon written request signed by the President and Chief Executive Officer
66 or his designee. The Fund shall be administered by the President and Chief Executive Officer.

67 **§ 2.2-5101. Virginia investment performance grants.**

68 A. For purposes of this section, "Grant" means a Virginia Investment Performance Grant awarded
69 pursuant to this section and paid from the Investment Performance Grant subfund of the Fund.

70 B. Subject to the appropriation by the General Assembly of sufficient moneys to the Investment
71 Performance Grant subfund, any eligible manufacturer or research and development service not eligible for a
72 major eligible employer grant under § 2.2-5102 shall be eligible to apply for a Grant.

73 C. The Partnership shall establish an application process by which eligible manufacturers and research
74 and development services may apply for a Grant. An application for a Grant payment shall not be approved
75 until the Partnership has verified that the required capital investment, and if applicable, job creation, has been
76 completed.

77 D. 1. The amount of the Grant that an eligible manufacturer or research and development service shall be
78 eligible to receive shall be determined by the Secretary, based on the recommendation of the Partnership, and
79 contingent upon approval by the Governor. The determination of the appropriate amount of a Grant shall be
80 based on guidelines that establish criteria for correlating the amount of a Grant to the relative value to the
81 Commonwealth of the eligible investment. For the purpose of any Grant award determination that includes a
82 job creation requirement, the eligible manufacturer or research and development service shall pay an average
83 wage, excluding fringe benefits, that is no less than the prevailing average wage for such new jobs.

84 2. Notwithstanding the provisions of subdivision 1, in localities with (i) an annual unemployment rate for
85 the most recent calendar year for which such data is available that is greater than the final statewide average
86 unemployment rate for that calendar year ~~and or~~ (ii) a poverty rate for the most recent calendar year for
87 which such data is available that exceeds the statewide average poverty rate for that year, a grant or loan may
88 be awarded from the Partnership pursuant to this section if the average wage paid by the eligible
89 manufacturer or research and development service, excluding fringe benefits, is no less than 85 percent of the
90 prevailing average wage.

91 3. For projects in localities described in subdivision 2, the Partnership may award a grant or loan for a
92 project paying less than 85 percent of the prevailing average wage, but still providing customary employee
93 benefits, only if the Governor has made a written finding that the economic circumstances in the area are
94 sufficiently distressed such that assistance to the locality to attract the project is nonetheless justified.
95 Sufficient distress may be based upon high unemployment, underemployment, or negative economic
96 conditions in the locality. However, the minimum private investment and number of new jobs required to be
97 created as set forth in this chapter shall still be a condition of eligibility for an award from the Fund. Such
98 written finding shall promptly be provided to the Chairmen of the House Committee on Appropriations and
99 the Senate Committee on Finance and Appropriations.

100 E. The Partnership shall assist the Secretary in developing objective guidelines to be used in awarding
101 Grants. No Grant shall be awarded until the Secretary has provided copies of such guidelines for review to
102 the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance and
103 Appropriations. The preparation of the guidelines shall be exempt from the requirements of Article 2
104 (§ 2.2-4006 et seq.) of the Administrative Process Act. The guidelines shall require determinations regarding
105 the amount of Grants to address:

106 1. The number of new jobs, if any, created by the capital investment;
107 2. The average wages paid for the new jobs and the amount by which such wages exceed the prevailing
108 average wage of the locality;

109 3. The extent to which the capital investment produces (i) measurable increases in capacity, productivity,
110 or both; (ii) measurable decreases in the production of flawed product; or (iii) measurable advances in
111 knowledge, research, or the application of research findings for the creation of new or significantly improved
112 products or processes that support manufacturing;

113 4. The amount of the capital investment;
114 5. The net present value of benefits to Virginia;
115 6. The amount of other incentives offered by the Commonwealth and the locality; and
116 7. The importance of the manufacturing or research and development facility to the economy of the
117 locality or region.

118 The guidelines shall also address the eligibility of manufacturers or research and development services
119 that make a capital investment in phases over a period of years, and limits on eligibility for multiple Grants
120 by the same manufacturer or research and development service within stated periods of time.

121 F. At no time shall the aggregate amount of Grants payable in any fiscal year exceed \$7 million.

122 G. Any eligible manufacturer or research and development service shall be eligible to receive a Grant in
123 five equal, annual installments beginning in the first year after completion and verification of the capital
124 investment and any pledged employment. No Grant awarded pursuant to this section to an eligible
125 manufacturer or research and development service shall exceed \$5 million in total, and no annual payment to
126 any eligible manufacturer or research and development service shall exceed \$1 million.