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SENATE BILL NO. 403

Offered January 14, 2026

Prefiled January 13, 2026

A *BILL to amend the Code of Virginia by adding in Title 59.1 a chapter numbered 22.25, consisting of a section numbered 59.1-284.46, relating to Power Transformer Manufacturing Grant Fund.*

Patrons—Lucas and Mulchi

Referred to Committee on Finance and Appropriations

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 22.25, consisting of a section numbered 59.1-284.46, as follows:

CHAPTER 22.25.**POWER TRANSFORMER MANUFACTURING GRANT FUND.****§ 59.1-284.46. Power Transformer 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, 2025, 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 Halifax 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 Power Transformer 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 \$29,400,000. 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 \$73,830, 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 of an employee's time 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. Any new full-time job must be in addition to the qualified company's 1,178 existing full-time positions in the Commonwealth as of July 1, 2025.

"Qualified company" means a company, including its affiliates, that engages in the manufacture of power transformers and that on and after July 1, 2025, but before July 1, 2035, is expected to (i) make a capital investment of at least \$457,157,000 and (ii) create and maintain at least 825 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 Power Transformer 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

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SB403

59 pursuant to subsection F.

60 C. A qualified company shall be eligible to receive grants each fiscal year expected to begin with the
61 Commonwealth's fiscal year starting on July 1, 2026, and ending with the Commonwealth's fiscal year
62 starting on July 1, 2035, unless such time frame is extended in accordance with a memorandum of
63 understanding. Grants awarded pursuant to this section shall be subject to appropriation by the General
64 Assembly during each such fiscal year and are contingent on a qualified company meeting the requirements
65 set forth in this chapter and in the memorandum of understanding for the number of new full-time jobs
66 created and maintained and the amount of capital investment made.

67 D. The aggregate amount of grants payable under this section shall not exceed \$29,400,000. In any fiscal
68 year, the aggregate amount of grants payable under this section shall not exceed \$4,600,000. Grants are
69 anticipated to be paid in 10 annual fiscal year installments, calculated in accordance with the terms of a
70 memorandum of understanding. In no event shall grants be paid from the Fund for more than 10 consecutive
71 years. Any grants not earned by the end of a 10-year payment period shall be forfeited.

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

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

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