

**REPORT OF THE
JOINT SUBCOMMITTEE STUDYING**

Economic Development

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



House Document No. 38

**COMMONWEALTH OF VIRGINIA
RICHMOND
1988**

MEMBERS OF THE JOINT SUBCOMMITTEE

Alan A. Diamonstein, Chairman
Elliot S. Schewel, Vice Chairman
Vincent F. Callahan, Jr.
Elmo G. Cross, Jr.
Franklin P. Hall
J. Granger Macfarlane
Franklin M. Slayton
C. Phillip Barger
James A. L. Daniel
Toy Dixon Savage
Brian J. Wishneff
J. A. "Bud" Denton, III, Ex Officio
James P. Jones, Ex Officio
Charles C. Lacy, Ex Officio

STAFF

Legal and Research

Angela P. Bowser, Staff Attorney
Jane C. Lewis, Executive Secretary

Administrative and Clerical

Anne R. Howard, Office of the Clerk of the House of Delegates

Report of the
Joint Subcommittee Studying
Economic Development
(HJR No. 132)
to

The Governor and the General Assembly of Virginia
Richmond, Virginia
January, 1988

TO: The Honorable Gerald L. Baliles
and
The General Assembly of Virginia

INTRODUCTION

House Joint Resolution No. 132, agreed to during the 1986 Session of the General Assembly, requested that a joint subcommittee be established to conduct a two-year study on the economic development activities and needs of the Commonwealth.

HOUSE JOINT RESOLUTION NO. 132

Establishing a joint subcommittee to study the Commonwealth's spending and support for promoting tourism and economic development and to study the laws of the Commonwealth relating to economic development.

Agreed to by the House of Delegates, March 7, 1986
Agreed to by the Senate, March 6, 1986

WHEREAS, economic development and expansion are of primary importance to all residents of the Commonwealth; and

WHEREAS, currently there exist many departments and divisions within the structure of state government that are charged with the responsibility of enhancing economic development and overseeing appropriate economic expansion; and

WHEREAS, these programs are meant to encourage, stimulate and support the development and growth of new industries in the Commonwealth, as well as the expansion of industries already existing in Virginia; and

WHEREAS, the laws governing economic growth and development are extensive and encompass a magnitude of issues affecting the future of the Commonwealth and its citizens; and

WHEREAS, tourism is the second largest industry in Virginia, generating over \$4 billion in travel expenditures and providing direct employment for nearly 91,000 individuals; and

WHEREAS, Virginia's growth and the prosperity of her citizens has been achieved at least in part by the Commonwealth's economic development; and

WHEREAS, Virginia's tourism industry and economic development have been a result of Virginia's scenic beauty, historical significance, excellent transportation facilities and location, government philosophy, sound fiscal policies, and the education and character of her citizens; and

WHEREAS, the Commonwealth has encouraged tourism and economic development by promoting Virginia to individuals in other states as well as to economic development prospects throughout the world; and

WHEREAS, there has been an increasing amount of competition among the states for the tourism dollar and for attracting economic development to provide employment, higher incomes and an improved standard of living; and

WHEREAS, since tourism and economic development are vital to the growth of Virginia's economy, it is important to review and evaluate how much Virginia spends on promoting tourism and economic development to determine if the level of support is appropriate in today's environment; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee is established to review the laws of the Commonwealth relating to economic development; to assist the Governor, regarding economic development activities and needs; to study the Commonwealth's spending and support for promoting tourism and economic development; and to oversee a study to be prepared by the Department of Planning and Budget that makes recommendations regarding but not limited to the following topics:

1. The promotion of expansion of existing Virginia businesses and industries, and recruitment of out-of-state businesses and industries to locate facilities in Virginia;
2. The means by which Virginia might expand markets, both domestic and international, for Virginia products and agricultural commodities;
3. The consolidation of export promotion responsibilities within state government;

4. The advisability of creation of additional foreign and domestic economic development offices for the Commonwealth;

5. The organization and expansion of trade missions;

6. The amount of funding the Commonwealth provides for tourism and economic development and the distribution of state funding between these two areas; and

7. The establishment within the Department of Economic Development, of a federal procurement officer responsible for matching the purchasing needs of the federal government with appropriate Virginia vendors and suppliers.

The joint subcommittee shall be composed of eleven members, consisting of four members of the House of Delegates to be appointed by the Speaker, three members of the Senate, to be appointed by the Senate Committee on Privileges and Elections and four members to be appointed by the Governor. The joint subcommittee shall meet at such times as may be designated by the Chairman.

The joint subcommittee shall complete its work on or before November 15, 1987.

All direct and indirect costs of this study are estimated to be \$44,820.

The resolution provided that the Subcommittee would be composed of four members of the House of Delegates, three members of the Senate and four citizen members. Legislative members appointed to serve on the subcommittee were: Delegate Alan A. Diamonstein, the sponsor of the resolution; Delegate Vincent F. Callahan, Jr.; Senator Elmo G. Cross, Jr.; Delegate Franklin P. Hall; Senator J. Granger Macfarlane; Senator Elliot S. Schewel; and Delegate Franklin M. Slayton. The Governor appointed Mr. C. Phillip Barger, Mr. James A. L. Daniel, Mr. Toy Dixon Savage and Mr. Brian J. Wishneff to serve as citizen members on the Subcommittee. As stated in the interim report of the Subcommittee in House Document No. 42 issued during the 1987 legislative session, the Subcommittee elected Delegate Diamonstein to serve as Chairman and Senator Schewel to serve as Vice Chairman. A subcommittee established pursuant to House Joint Resolution No. 13 (1986 Session) has simultaneously conducted a study on the promotion of tourism and its relationship with economic development. Delegate Robert B. Ball, Sr. is chairman of that subcommittee. With the consensus of the Subcommittee members, Chairman Diamonstein appointed Senator James P. Jones, Delegate Charles C. Lacy and J. A. "Bud" Denton, III, ex officio members of the Subcommittee. Delegate Lacy and Senator Jones had previously served as Chairman and Vice Chairman of the Southwest Virginia Economic Development Commission.

1987 FINDINGS AND ACTIVITIES

The Subcommittee held five meetings and public hearings subsequent to the publication of its interim report in 1987. Meetings and public hearings were held in Herndon at the Center for Innovative Technology, Newport News and Roanoke; two meetings were held in Richmond. The meetings provided the citizens of the Commonwealth a forum in which their views could be presented on the future of economic development in Virginia. It became apparent during these meetings that the state Department of Economic Development had improved many of its capabilities as a result of action taken by the 1987 Session of the General Assembly and at the direction of the Governor. The restructuring of the Department, the hiring of additional personnel, and the availability of other resources have assured increased activity on the part of the Department of Economic Development (DED). The Department has also developed a close working relationship with the Center for Innovative Technology and the community college system in Virginia.

Dr. Edward M. Davis, President of the Center for Innovative Technology (CIT), and members of his staff made a presentation to the Subcommittee regarding the programs and goals of the CIT. The Subcommittee was informed that almost all of the states have CIT's or organizations with the purpose of galvanizing the technical capabilities of the state and applying them to industry. Virginia's CIT is unique in that it has a greater degree of flexibility which industry likes. CIT is also heavily connected with the university system. The mission of the Center for Innovative Technology is to enhance, mobilize and transfer science and technology resources of industry-based corporations to promote economic development in the Commonwealth.

The programs of the Center for Innovative Technology pertaining to technology development, technology transfer and technology commercialization were analyzed. The technology development program enables CIT to co-sponsor research with industrial corporations at Virginia universities. The funding of research programs at state universities is proving to be valuable to industrial corporations. The research conducted at the university is expected to improve the corporation's productivity, product quality, and the utilization of the product, to create new ideas and to benefit economic development. Information regarding the research grants illustrated that industrial support has increased each year. (See Table 1)

Table 1

Financial History
Research grants (in \$ millions)

FY	CIT	Matching Fund
1985	6.3	3.4
1986	7.5	5.0
1987	7.3	8.1

The Technology Transfer Program of CIT involves higher education and economic development. At its July meeting the Subcommittee was informed that the Commonwealth Technology Information Service is being established as an on-going on-line data base of the basic technological resources in Virginia. University-based resources are working with institutions to identify faculty expertise and specific research facilities. It is expected that the data base will be expanded to include economic development resources, state and federal laboratories and facilities, capital resources and manpower resources. The purpose of this program is to expand economic development services to small and medium-sized businesses and to broaden and enhance the role of institutions of higher education, particularly the community college system, in providing economic development assistance to small and medium businesses in Virginia.

It was stated that small and medium businesses have the greatest need for assistance in developing their businesses and the fewest resources. Small and medium businesses are the greatest source of economic growth for the Commonwealth. Seventy percent of the growth in the economy is derived from small and medium-sized businesses. Nine community colleges in Virginia are participating in the technology transfer program. The colleges were selected based on criteria which included geographic distribution, high technology needs and opportunity, lack of access to major economic and development needs and opportunities, and educational leadership and commitment. There is a full-time Director of Economic and Technology Development working with this program in each of the nine colleges. Technology transfer goals include identifying a problem and solving it, educating businesses with the availability of modern tools and assisting small businesses in maintaining the advances of the larger firms.

Four program activities of the Technology Commercialization Program include entrepreneur centers and incubators, protection of property, strategic alliances and new ventures, and CIT/DED partnerships. Entrepreneurship centers provide outreach services in the form of management, financial and technical advice to entrepreneurs. Incubators or innovative centers provide shared physical space and shared support services for start-up businesses, as well as management, technical and financial advice. Services provided by this program, which has been operational for a little more than a year, include information on state and federal resources, access to technical know-how at local universities or colleges, access to the network of financial resources available, training videos, access to university faculty and equipment, and workbooks.

The Subcommittee was also addressed by Mr. Glen Pond, Director of the Virginia Supplemental Retirement System (VSRS) and Mr. Tim Barron, Director of Investments at VSRS, concerning the investment authority of the Board. It was concluded that the VSRS Board of Trustees investment authority clearly allows venture capital and other alternative equity investments. The Subcommittee was also informed that the Board was always interested in exploring opportunities to invest funds in a responsible manner. During the early fall the Subcommittee was advised that the VSRS Board had requested the preparation of a plan for alternative equity investments. Alternative equity investments include venture capital, leverage buyouts and oil and gas leases. The plan proposes that five percent of VSRS assets (approximately \$385 million) be invested in these types of projects over the next five years. It was estimated that by 1992, five percent of the assets would reach \$750 million. These projects would provide an opportunity for very superior, long term investment returns eight to ten percent above the conventional market. It was noted that the plan would have to be diversified to lower the risks inherent in some types of alternative investments. Diversification could be obtained geographically, by industry or at the funding stage (seed, start-up, etc.). No assurance was given that any of the money would be invested in projects located within the Commonwealth.

Initially, as anticipated by VSRS, a professional manager from outside of state government would become involved with the investment in individual business ventures and other activities. The Subcommittee was also informed that with respect to the prudent man rule, no investment is inherently prudent or imprudent.

In response to Subcommittee members' questions regarding the relationship of the Department of Economic Development with the community colleges, Dr. Johnas Hockaday, Chancellor of the Virginia Community College System, appeared before the Subcommittee at one of its meetings. The Subcommittee was advised that turf problems which had previously existed between DED and the community colleges had changed dramatically. There has been an increase in cooperation between the two agencies, including the planning of joint workshops. During the 1986-87 academic year, 700 contracts with businesses or industries within the Commonwealth have resulted in the teaching or training of more than 23,000 employees. Another 21,000 students were involved in a large number of additional courses. In addition, twice as many students became involved with community colleges in cooperation with economic development in 1986-87 when compared to the previous year.

Comments regarding the Technology Transfer Program arrangement with the Center for Innovative Technology were also presented to the Subcommittee. It is hoped that the nine community colleges and areas included in the Program will be expanded in the future. Approximately one-half of the community colleges have business or industrial centers which work closely with small to medium-sized businesses in training. There are also apprenticeship programs and other cooperative programs with local industries which have proved to be successful. The progress made during the last four years in the growing relationship between the Community College System and the Department of Economic Development is expected to continue.

Cathleen C. Mackey, Executive Director of the Virginia Small Business Financing Authority, appeared before the Subcommittee and the special financing subcommittee. She informed the members of the goals, work and progress of the Small Business Financing Authority. The Authority was created pursuant to legislation passed by the 1984 General Assembly. The Authority's operating expenses have been more than offset by fees collected and interest earned. The fund balance serves as a reserve for loans the Authority may guaranty or for other credit enhancements provided by the Authority.

Currently the Authority has two financing programs. Industrial development bonds are issued to small businesses in Virginia for the fixed-asset financing of buildings and capital equipment. One hundred sixteen million dollars in bonds have been issued since the establishment of the Authority to more than one hundred thirty firms throughout Virginia. Ms. Mackey estimated that approximately 3,273 jobs will be created as a result of this financing.

The Authority's Umbrella Program allows borrowers to gain access to the attractive interest rates in the public tax-exempt bond markets available to larger businesses by grouping together the bonds of a number of smaller borrowers into a single package. In most cases, due to the changes in the 1986 Tax Reform Act, this method is the only avenue for these small borrowers to sell their bonds and get their projects funded. The 1986 Tax Reform Act also restricted the issuance of industrial development bonds to manufacturing facilities. The Authority expected to sell two additional Umbrella bond issues by the close of the year, totalling approximately twenty million dollars, to finance manufacturing facilities for ten firms which are either expanding in Virginia or relocating to Virginia.

The Working Capital Loan Guaranty Program provides a fifty percent guaranty of a bank loan for working capital purposes. The maximum guaranty is \$50,000. The Authority has guaranteed loans to six companies totalling \$230,000.

Ms. Mackey also informed the members of the Subcommittee that the Authority was obtaining proposals for the development and implementation of a taxable loan program for the fixed-asset financing needs of small businesses which are no longer eligible for tax-exempt industrial development bonds. The Authority is also interested in pursuing export financing and venture capital.

Berkwood M. Farmer, Acting Executive Director of the Rural Virginia Development Foundation, also appeared before the full Subcommittee and the financing subcommittee. The Rural Virginia Development Foundation was created in 1984 to provide a mechanism for a system of unique and innovative equity financing for small business starts in non-metropolitan areas of the Commonwealth. The Foundation is a non-state agency with authority to establish for-profit venture capital corporations in regions throughout the State. Value would be added to the agricultural and natural resource base of local economies by the development of new business enterprises based on new products, new markets and new uses for existing products.

The Rural Virginia Development Foundation is a unique partnership of the public sector, private sector and academic community established to focus attention and resources on business developments in non-metropolitan Virginia. The Foundation has not received any requested state funds to capitalize its operating and program base. Dr. Farmer asserted that with funding the Foundation could develop a program to stimulate value-added businesses in rural areas. This would involve venture capital, technology transfer, human capital development and manpower training. Rural jobs will reduce the decline in the number of farms by providing farm-family members an opportunity to work part- or full-time away from the farm while maintaining their farming operation. Value-added businesses will provide an additional demand or market for commodities produced on the farm and in the forests of Virginia. The Foundation also encouraged the Commonwealth to put its economic development tools to work for land-based resources and rural areas.

Dr. Farmer also emphasized that an appropriation of state funds is essential to establish the operational or capitalized base of the Foundation. The seed money would be used to assist in establishing the Foundation's private for-profit investment arm and in attracting capital from private sector businesses and foundations. Private funds would be used to leverage federal funds. All lending or investments to private businesses by the Foundation will take place through the Foundation's venture capital investment arm. Therefore the Commonwealth would not directly invest capital into a private business firm. A small appropriation would be needed annually for the Foundation's limited full-time staff.

During its deliberations the Subcommittee received comments and testimony concerning many issues involved with economic development. It appeared from the testimony of several individuals at the public hearings that there is a perception that from an economic development standpoint Virginia is divided into at least two separate and distinct areas. The region of the Commonwealth lying north and east of Interstates 64 and 95 confront far different problems and issues in the economic development field from those encountered by the remainder of the State. Development of all types is gravitating to the urban corridor together with a tremendous increase in population. Statistics indicate that during the first five years of this decade Virginia experienced a population increase of almost 360,000 people. Approximately 320,000 of that number located in the urban corridor. The balance of the Commonwealth is not keeping pace with the urban areas. It should be noted that the Eastern Shore of Virginia, which is one of the most economically distressed areas of the Commonwealth, should not be included in the urban corridor since development and population growth have not taken place in that area to any great extent. It is anticipated that the ramifications of this uneven spread of development throughout Virginia will be felt in the Commonwealth for decades to come.

Numerous appeals were made to the Subcommittee regarding the establishment of a shell building program in Virginia. Opinions differed as to how the program should be financed and whether urban communities should be eligible. Some participants asserted that the rural areas of the state should receive priority over the urban areas since the rural areas were more in need. Suggested criteria and guidelines for shell building programs also were varied.

Many speakers also requested and supported the establishment of a Governor's discretionary or contingency fund which would be used by the Governor to close prospective deals with industries and corporations seeking to expand or locate into Virginia. Many of the states which compete with Virginia for business prospects have the benefit of this type of fund.

The establishment of a venture capital program by the state was also frequently proposed by speakers at the meetings and public hearings. The Department of Economic Development (DED) provided the Subcommittee with information regarding venture capital projects. During the past two to three years, a number of states have begun to establish a pool of money for early stage and start-up financing. The majority of the capital venture funds are established through partnerships involving state funds and funds from private sources such as corporations, life insurance companies, banks and universities. Additionally, in most of the states, professionals who are risk-oriented are controlling the investments. State funds for venture capital projects are usually derived from either trust funds or from the general fund of the state. Virginia's need for seed and early stage financing was reiterated at every meeting of the Subcommittee. DED proposed that a small fund of five to fifteen million dollars of state and private money would be sufficient at the early stage of seed financing in Virginia.

The issue of tax increment financing was also discussed at various meetings. Tax increment financing would provide localities with a mechanism by which the redevelopment of blighted urban areas and the construction of essential infrastructure in underdeveloped areas could be financed. As explained to the Subcommittee by William Ernst of the Department of Housing and Community Development, tax increment financing is a method for funding public investments by recapturing, for a limited amount of time, tax revenue that may result from the stimulation of private investments in a designated area. Increased tax revenues accrue in a special fund as private investment occurs within the area. Money in the fund can only be used for those purposes specified in the enabling legislation.

Other concerns or proposals brought to the attention of the Subcommittee included:

- a review and further fine-tuning of the State's corporation laws to remove any unnecessary complexities or inequities. The State Corporation Commission conducted the review for the Subcommittee and recommended several changes in the corporation laws of the Commonwealth
- the transfer of the Virginia Port Authority to the Secretariat of Economic Development from the Secretariat of Transportation and Public Safety

- establishment of Virginia satellite marketing offices outside of Virginia
- the employment of additional marketing managers by the Department of Economic Development
- the appointment of a local economic development professional to the Governor's Industrial Development Services Advisory Board
- establishment of an infrastructure program to assist communities to provide water and sewer connections, grading of property, parking facilities, etc. Rural and urban communities often have different needs and the program should recognize this. Funding would be necessary but the Program could be administered as a revolving loan fund
- more extensive use of the community college system to provide training for technical skill trades
- the establishment of a permanent Commission on Economic Development or the continuation of the Subcommittee
- further refinement of the community certification program and the possible revision of the standards to provide for different levels or classes of certification
- the promotion of certified communities through packaged economic development tours and advertisements
- the establishment of small business development centers
- the enactment of legislation to enable state banks to invest in community development corporations
- additional technical assistance from the Department of Economic Development to localities regarding financing prospects
- creation of an economic development incentive grant program which would target areas not in the urban crescent. The program could be based on various need and effort factors such as unemployment. Model option agreements and purchase agreements could be made available to localities lacking resources and specialized personnel
- the preparation and distribution by the Department of Economic Development of a brochure which emphasizes what is unique and attractive about cities. The focus should be broad and diverse and should discuss each of the major cities in the Commonwealth

- the development of a marketing and advertising effort towards office and service firms by the Department of Economic Development
- condemnation of land for economic development purposes
- implementation of a hazardous waste disposal program for existing and new Virginia industry
- the creation of regional economic development organizations
- additional support for the Main Street Program
- enhancement of the state's small business assistance programs and creation of a permanent Governor's Advisory Board
- additional patent protection for small businesses
- additional private sector involvement in economic development initiatives
- the continuation of industrial access road funding
- the funding for trade and convention centers
- increased use of computer resources of the Department of Economic Development. Direct computer access by local development offices to information in the offices of the Department of Economic Development should be considered in the future

RECOMMENDATIONS

Throughout its deliberations, the Subcommittee maintained its goal of providing the Department of Economic Development with the necessary tools to enhance economic development in the Commonwealth. As a result the Subcommittee agreed to the following recommendations:

1. THE INTRODUCTION OF LEGISLATION WHICH WOULD PERMIT STATE BANKS TO INVEST IN COMMUNITY DEVELOPMENT CORPORATIONS.

As stated in the publication entitled "National Bank Community Development Corporations and Community Development Investments" issued by the Comptroller of the Currency, Administrator of National Banks, a community development corporation is usually a local entity organized to address long-term community revitalization problems including housing, small business development and the resulting creation of jobs. The legislation would allow state banks to make direct equity and other investments in community development corporations, business ventures or community development projects serving predominantly civic, community or public purposes. These types of corporations, ventures and projects usually benefit low and moderate income areas and residents or small businesses.

A copy of this legislation appears as Appendix I.

2. THE INTRODUCTION OF LEGISLATION RELATING TO THE CORPORATION LAWS OF VIRGINIA.

The legislation would (i) place foreign and domestic corporations on the same sliding scale for initial registration fees and place a maximum fee of \$2,500 for all corporations; (ii) establish one flat registration fee to vary only with the number of authorized shares; (iii) eliminate the requirement for local corporate filing; (iv) consolidate the provisions for all corporation fees into Title 13.1 of the Code of Virginia; and (v) eliminate the calculation of interest on unpaid annual registration fees and late payment penalties and eliminate corporate terminations and revocations for unpaid penalties and interest when the annual fee has been paid.

The legislation would make the laws of the Commonwealth more equitable for foreign and domestic corporations and remove some of the complexities involved in determining various fees.

The legislation is attached as Appendix II.

3. THE INTRODUCTION OF TAX INCREMENT FINANCING LEGISLATION.

Tax increment financing will provide a method for funding public projects in a development area by recapturing, for a certain amount of time, all or a portion of the increased tax revenue that may result if the development stimulates private investment. As provided in the legislation, an area for redevelopment will be designated by the locality.

The legislation is included in this report as Appendix III.

4. THE ESTABLISHMENT OF A GOVERNOR'S DISCRETIONARY OR CONTINGENCY FUND OF UP TO \$10 MILLION.

Throughout the course of the study the Subcommittee was made aware of the need to provide a competitive site, with supporting infrastructure in place, to prospective companies. Often this ability is the basis on which the firm determines whether or not to locate in Virginia. The Governor's discretionary fund would be available for road improvements, expansion of water and sewer systems and other projects required to attract a major new private investment that increases the number of jobs and expands the tax base.

The Subcommittee recommends that the Department of Economic Development advise the Governor on possible expenditures from the Fund. The Industrial Development Services Advisory Board could assist in the development of guidelines for the use of the Fund. The guidelines should include provisions for geographic diversity and a cap on the amount of money available for a certain project.

5. THE ESTABLISHMENT OF A SHELL BUILDING PROGRAM AND THE APPROPRIATION BY THE COMMONWEALTH OF THE FUNDS TO IMPLEMENT THE PROGRAM.

Virginia could enhance its competitive position by improving communities and the industrial properties that are available. A shell building program would provide industrial clients with quality existing industrial space. The experience of the Department of Economic Development indicated that approximately seventy percent of business prospects begin the location process requesting to see existing buildings. It would be in the best interest of the Commonwealth to develop a program which enhances the inventory of marketable shell buildings. Several plans were presented to the Subcommittee with various funding and loan proposals.

The establishment of the Shell Building Program is supported by the Subcommittee as a top priority. The Department is expected to include in its budget request funding for the implementation of this program. Standards and procedures would be developed for the qualification of municipalities for the water/sewer infrastructure funding to accompany the Shell Building Program. The Department of Economic Development would implement the Program.

The Subcommittee will continue to proceed with the possible establishment of the "Virginia Supplemental Retirement System Leverage Funding Program" request, proposed to the Director of VSRS and its Investment Department Director by the Subcommittee.

6. THE FUNDING FOR THE ADDITION OF SIX POSITIONS IN THE DOMESTIC MARKETING AREA OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT DURING FY 88-90.

Additional staff is needed in the domestic marketing area of the Department of Economic Development (DED) to further enhance the productivity of the Department. The number of support staff positions as well as marketing manager positions would be increased with the appropriate funding.

The Department has hired a consultant to study the duties, responsibilities, salary level and number of staff positions needed in the various areas of DED. The Subcommittee was particularly concerned about the high turnover rate of the marketing managers at DED. There are eight marketing managers in the domestic marketing division. At the December meeting of the Subcommittee, it was reported that six of the eight positions have turned over in the last twenty-four months, four of the eight in the last twelve months, and three of the four in the last six months. There are only two full-fledged experienced marketing managers currently at the Department. The salary levels and burnout were cited as problems. The lack of backup and technical support to perform research and scheduling are also concerns. The subcommittee recommends that special attention be focused on developing methods to attract and retain marketing managers. Some administrative changes, such as splitting territories with additional personnel, could help to alleviate certain problems.

The study on the staffing of the pattern, personnel levels, classifications, staff resources and computer systems of DED being conducted by a consultant will be monitored by the Subcommittee. The targeted date for the completion of the study is the end of January and amendments to the budget bill may be possible during the 1988 Session to implement certain recommendations of the consultant's study.

7. THE SUPPORT OF LEGISLATION TO ESTABLISH THE GOVERNOR'S ADVISORY COMMISSION ON SMALL BUSINESS AS A PERMANENT COMMISSION.

It was reported to the Subcommittee that the administration would sponsor legislation which would establish the Governor's Advisory Commission on Small Business as a permanent Commission. The Subcommittee strongly supports this legislation.

8. THE ESTABLISHMENT OF LOCALLY-BASED SMALL BUSINESS ASSISTANCE CENTERS AS RECOMMENDED BY THE GOVERNOR'S COMMISSION ON SMALL BUSINESS.

The Governor's Advisory Commission on Small Business submitted a recommendation to Governor Baliles pertaining to the establishment of a small business development center network in Virginia. Small businesses are a vital component to the economy of the Commonwealth. As reported by the Commission, a need exists to facilitate communications among the existing service providers, Virginia's educational institutions, the private sector and the users of the services. Counseling on the management and technical aspects of starting and successfully operating a small business is a critical need. The Governor's Advisory Commission on Small Business proposes the establishment of an independent small business development center, co-sponsored by the Small Business Administration. The report of the Governor's Advisory Commission contains the general guidelines and recommends organizational structure for the network. The Subcommittee strongly endorses the report of the Governor's Advisory Commission on Small Business and recommends the establishment of a Virginia Small Business Development Center Network as proposed in the report.

9. THE INTRODUCTION OF LEGISLATION TO ADD ONE ECONOMIC DEVELOPMENT PROFESSIONAL TO THE GOVERNOR'S INDUSTRIAL DEVELOPMENT SERVICES ADVISORY BOARD.

The Subcommittee determined that the Governor's Industrial Development Services Advisory Board would benefit from the input of a local economic development professional.

The legislation providing for the addition is included in this report as Appendix IV.

10. THE CONTINUATION OF THE JOINT SUBCOMMITTEE STUDYING ECONOMIC DEVELOPMENT.

The Subcommittee received many proposals regarding the establishment of venture capital programs. The proposals, funding recommendations and guideline criteria were numerous and varied. According to a state legislative report published in February of 1986 by the National Conference of State Legislatures (NCSL) entitled State Venture Capital Initiatives, more than thirty states have instituted some type of venture capital program since the mid-1970's. Most of these programs have been adopted in the past few years. The report states that state policymakers are attracted to venture capital programs by the potential economic benefits such as jobs, diversification of the economic base and additional tax revenues, of "seeding" small, high-growth firms that do not have access to other public or private funding. Small, high-growth technology-based businesses are usually the target of state-sponsored venture capital initiatives.

Venture capital programs provide seed capital, start-up funds or other long-term capital to businesses. States have basically used three approaches in providing venture capital: (i) creation of state-chartered quasi-public and private venture capital funds; (ii) allowing public pension funds to make venture capital investments; and (iii) providing tax incentives to encourage private investment in venture capital funds or to encourage private venture capital investment directly in specified types of companies.

The issue of venture capital and the methods of funding are complex. The Subcommittee recommends that it be continued to further study this issue in addition to other issues pertaining to economic development. (See additional remarks regarding possible study topics in the Conclusion.)

The continuing resolution is contained in Appendix V. A chart from the NCSL report pertaining to state-chartered venture capital funds appears in Appendix VI.

CONCLUSION

The Subcommittee also expects to continue its study on other areas involved with economic development. The possible establishment of a venture capital program by the Virginia Supplemental Retirement System will be monitored as well as the feasibility of the funding of a shell building program through state pension funds. Interest has also remained in the relocation of the Port Authority to the Economic Development Secretariat. The establishment of convention and exhibit centers also requires further consideration. Private sector involvement in economic development programs and projects should be increased. The problems and issues involving economic development in rural versus urban localities must be addressed.

There have been many improvements in the administration of the Department of Economic Development. Cooperation with the Virginia Community College System has produced positive changes and the establishment of new programs. The Department's relationship with the Center for Innovative Technology has also resulted in the enhancement of economic development in the Commonwealth. The partnership of the Department with the Community College System and the Center for Innovative Technology will continue to produce cooperative programs which assist existing and expanding businesses and attract prospective businesses to the Commonwealth.

The Department of Economic Development should establish an internal review committee which would review technological advances to ensure that Virginia remains competitive in the biotechnological and technological fields. The Department should also communicate its efforts with private businesses which could assist the Department in attracting potential businesses to the State. Corporations and firms which conduct business in foreign countries could also advise the Department regarding possible prospects for Virginia. The Department could also assist in developing and advising businesses of possible export market prospects and may wish to consider specifically targeting products which could be sold in other portions of the United States. The computer resources of the Department should be maximized to the fullest extent.

The Department should also consider whether the establishment of offices in other states would be feasible. Research conducted on an ongoing basis with surveys to businesses at three to five year intervals would assist the Department in its recruitment efforts for potential businesses. Surveys of businesses which located in Virginia in addition to businesses which located elsewhere would provide the reasons for such actions. The Subcommittee also encouraged the Department to consider focusing on distressed areas of inner cities and to highlight the unique attractions of the urban centers to prospective businesses. Facilities available outside of the urban corridor should also be featured to prospective businesses.

During the past several years Virginia has consistently ranked high in studies pertaining to economic development efforts. Virginia must strive to continue the substantial progress which has been made in the recent years. The continuation of this study will provide the Subcommittee and the Department with additional opportunities for developing and enhancing economic development programs in the Commonwealth.

Respectfully submitted,

Alan A. Diamonstein, Chairman

Elliot S. Schewel, Vice Chairman

Vincent F. Callahan, Jr.

Elmo G. Cross, Jr.

Franklin P. Hall

J. Granger Macfarlane

Franklin M. Slayton

C. Phillip Barger

Toy Dixon Savage

Brian J. Wishneff

J. A. "Bud" Denton III, Ex Officio

James P. Jones, Ex Officio

Charles C. Lacy, Ex Officio

APPENDICES

Appendix I.	House Bill No. 238
Appendix II.	House Bill No. 216
Appendix III.	House Bill No. 240
Appendix IV.	House Bill No. 239
Appendix V.	House Joint Resolution No. 21
Appendix VI.	State-chartered venture capital funds chart from February 1986 <u>State Legislative Report</u> by Gary Bettger entitled "State Venture Capital Initiatives" (Volume 11, No. 2)

1988 SESSION

LD0973452

HOUSE BILL NO. 238

Offered January 18, 1988

A BILL to amend and reenact § 6.1-60.1 of the Code of Virginia, relating to investments and loans by banks.

Patrons—Diamonstein, Hall, Callahan and Harris, E. R.; Senators: Schewel, Macfarlane and Cross

Referred to the Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:

1. That § 6.1-60.1 of the Code of Virginia is amended and reenacted as follows:

§ 6.1-60.1. Acquisition of or loans on own stock; other investments or loans.—A. No bank shall acquire or own its own stock except to protect itself against loss from debts previously contracted, in which case it shall be disposed of within twelve months from the time acquired, and except as herein permitted. No bank shall make loans collaterally secured by the stock of such bank. No bank shall invest any of its funds in shares of stock of any other corporation nor in any notes or other obligations secured by real estate on which as security it is prohibited by § 6.1-63 from making any loans. This provision shall not prevent any bank:

1. From acquiring any such stock, notes or other obligations to protect itself or any fund in its custody or possession against loss from debts theretofore contracted;

2. From acquiring, owning and holding stock of a building corporation of the character and to the amount provided by § 6.1-57;

3. From acquiring, owning and holding stock of an agricultural credit corporation organized under the laws of this Commonwealth, provided that the total amount of such stock shall not exceed twenty percent of the amount of the capital stock of such bank actually paid in and unimpaired, plus the amount of its unimpaired surplus fund;

4. From acquiring, owning and holding stock of the Federal National Mortgage Association;

5. From acquiring, holding and owning stock, in any corporations which have as their purpose the operation of parking lots or parking garages, provided that no bank shall own, at any one time, stock in such corporations exceeding two percent of the amount of the capital stock of such bank actually paid in and unimpaired, plus the amount of its unimpaired surplus fund;

6. From acquiring, owning and holding stock of a small business investment company as defined by the Federal Small Business Investment Act of 1958;

7. From acquiring, owning and holding stock of an industrial development company organized under the provisions of the Virginia Industrial Development Corporation Act (§ 13.1-981 et seq.);

8. From acquiring, owning and holding stock of a bank service corporation of the character and to the amount provided in §§ 6.1-58 and 6.1-58.1;

9. From acquiring, owning and holding stock of the Student Loan Marketing Association, a corporation organized under the Higher Education Act of 1965, as amended;

10. From acquiring, owning and holding stock of a "clearing corporation" as defined in § 8.8-102 (3);

11. From acquiring, owning and holding stock of a trust subsidiary as defined in § 6.1-32.1 et seq.;

12. From investing up to four percent of its capital and surplus, including undivided profits, in shares of stock of any bank organized under § 6.1-6 wherein the ownership of stock in such bank is restricted to (i) banks organized under § 6.1-6 or national banks whose main office is in Virginia and (ii) directors of such bank to the extent necessary to meet the stock ownership requirements of § 6.1-47. No such bank whose stock is eligible for investment hereunder shall accept deposits from any person other than a bank or shall

1 make loans to persons other than banks unless such loan is acquired through or
2 participated in by another bank or shall otherwise deal with the general public. Such bank
3 may purchase investments or securities of governments or private corporations which are
4 traded on the open market;

5 13. A bank may acquire its own stock, with such purchases not to exceed in the
6 aggregate five percent of its book value, including capital, surplus and undivided profits as
7 of the time of the purchase being made. In computing such capital surplus and undivided
8 profits for purposes of this section, amounts received for resale of any repurchased stock
9 shall be added back to capital, surplus and undivided profits for purposes of computation
10 of the five percent criterion. Such purchase may be without the written consent of the
11 State Corporation Commission, unless or until the Commission or Commissioner has
12 previously notified the bank in writing that it may not utilize this subdivision, until further
13 notice. The Commission may further allow purchases of such stock in excess of such five
14 percent criterion where the Commission finds that such purchase will not impair the safety
15 and solvency of the bank and is otherwise appropriate; ~~nor~~

16 14. From acquiring, owning and holding, subject to such conditions as the Commissioner
17 may prescribe, shares of investment companies ; *nor*

18 15. *From acquiring, owning and holding, subject to such conditions as the*
19 *Commissioner may prescribe, shares of stock in a community development corporation as*
20 *defined by Banking Circular BC-185 dated August 20, 1984, issued by the Comptroller of*
21 *the Currency, Administrator of National Banks.*

22 B. The provisions of this section shall not be construed to require a bank to dispose of
23 any preferred stocks lawfully acquired as an investment prior to January 1, 1940.

24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54

Official Use By Clerks	
Passed By	Passed By The Senate
The House of Delegates	
without amendment <input type="checkbox"/>	without amendment <input type="checkbox"/>
with amendment <input type="checkbox"/>	with amendment <input type="checkbox"/>
substitute <input type="checkbox"/>	substitute <input type="checkbox"/>
substitute w/amdt <input type="checkbox"/>	substitute w/amdt <input type="checkbox"/>
Date: _____	Date: _____
_____	_____
Clerk of the House of Delegates	Clerk of the Senate

1988 SESSION
ENGROSSED

HP0973452

HOUSE BILL NO. 238

House Amendments in [] - January 28, 1988

A BILL to amend and reenact § 6.1-60.1 of the Code of Virginia, relating to investments and loans by banks.

Patrons—Diamonstein, Hall, Callahan and Harris, E. R.; Senators: Schewel, Macfarlane and Cross

Referred to the Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:

1. That § 6.1-60.1 of the Code of Virginia is amended and reenacted as follows:

§ 6.1-60.1. Acquisition of or loans on own stock; other investments or loans.—A. No bank shall acquire or own its own stock except to protect itself against loss from debts previously contracted, in which case it shall be disposed of within twelve months from the time acquired, and except as herein permitted. No bank shall make loans collaterally secured by the stock of such bank. No bank shall invest any of its funds in shares of stock of any other corporation nor in any notes or other obligations secured by real estate on which as security it is prohibited by § 6.1-63 from making any loans. This provision shall not prevent any bank:

1. From acquiring any such stock, notes or other obligations to protect itself or any fund in its custody or possession against loss from debts theretofore contracted;

2. From acquiring, owning and holding stock of a building corporation of the character and to the amount provided by § 6.1-57;

3. From acquiring, owning and holding stock of an agricultural credit corporation organized under the laws of this Commonwealth, provided that the total amount of such stock shall not exceed twenty percent of the amount of the capital stock of such bank actually paid in and unimpaired, plus the amount of its unimpaired surplus fund;

4. From acquiring, owning and holding stock of the Federal National Mortgage Association;

5. From acquiring, holding and owning stock, in any corporations which have as their purpose the operation of parking lots or parking garages, provided that no bank shall own, at any one time, stock in such corporations exceeding two percent of the amount of the capital stock of such bank actually paid in and unimpaired, plus the amount of its unimpaired surplus fund;

6. From acquiring, owning and holding stock of a small business investment company as defined by the Federal Small Business Investment Act of 1958;

7. From acquiring, owning and holding stock of an industrial development company organized under the provisions of the Virginia Industrial Development Corporation Act (§ 13.1-981 et seq.);

8. From acquiring, owning and holding stock of a bank service corporation of the character and to the amount provided in §§ 6.1-58 and 6.1-58.1;

9. From acquiring, owning and holding stock of the Student Loan Marketing Association, a corporation organized under the Higher Education Act of 1965, as amended;

10. From acquiring, owning and holding stock of a "clearing corporation" as defined in § 8.8-102 (3);

11. From acquiring, owning and holding stock of a trust subsidiary as defined in § 6.1-32.1 et seq.;

12. From investing up to four percent of its capital and surplus, including undivided profits, in shares of stock of any bank organized under § 6.1-6 wherein the ownership of stock in such bank is restricted to (i) banks organized under § 6.1-6 or national banks whose main office is in Virginia and (ii) directors of such bank to the extent necessary to meet the stock ownership requirements of § 6.1-47. No such bank whose stock is eligible for investment hereunder shall accept deposits from any person other than a bank or shall

1 make loans to persons other than banks unless such loan is acquired through or
2 participated in by another bank or shall otherwise deal with the general public. Such bank
3 may purchase investments or securities of governments or private corporations which are
4 traded on the open market;

5 13. A bank may acquire its own stock, with such purchases not to exceed in the
6 aggregate five percent of its book value, including capital, surplus and undivided profits as
7 of the time of the purchase being made. In computing such capital surplus and undivided
8 profits for purposes of this section, amounts received for resale of any repurchased stock
9 shall be added back to capital, surplus and undivided profits for purposes of computation
10 of the five percent criterion. Such purchase may be without the written consent of the
11 State Corporation Commission, unless or until the Commission or Commissioner has
12 previously notified the bank in writing that it may not utilize this subdivision, until further
13 notice. The Commission may further allow purchases of such stock in excess of such five
14 percent criterion where the Commission finds that such purchase will not impair the safety
15 and solvency of the bank and is otherwise appropriate; ~~nor~~

16 14. From acquiring, owning and holding, subject to such conditions as the Commissioner
17 may prescribe, shares of investment companies - ; *nor*

18 15. *From acquiring, owning and holding, subject to such conditions as the*
19 *Commissioner may prescribe, shares of stock in a community development corporation [as*
20 *defined by Banking Circular BC-185 dated August 20, 1984, issued by the Comptroller of*
21 *the Currency, Administrator of National Banks].*

22 B. The provisions of this section shall not be construed to require a bank to dispose of
23 any preferred stocks lawfully acquired as an investment prior to January 1, 1940.

24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54

Official Use By Clerks	
Passed By	Passed By The Senate
The House of Delegates	
without amendment <input type="checkbox"/>	without amendment <input type="checkbox"/>
with amendment <input type="checkbox"/>	with amendment <input type="checkbox"/>
substitute <input type="checkbox"/>	substitute <input type="checkbox"/>
substitute w/amdt <input type="checkbox"/>	substitute w/amdt <input type="checkbox"/>
Date: _____	Date: _____
_____	_____
Clerk of the House of Delegates	Clerk of the Senate

1988 SESSION

LD1216452

HOUSE BILL NO. 216

Offered January 18, 1988

1
2
3 *A BILL to amend and reenact §§ 13.1-605, 13.1-609, 13.1-615, 13.1-616, 13.1-635, 13.1-752,*
4 *13.1-754, 13.1-768, 13.1-769.1, 13.1-805, 13.1-809, 13.1-815, 13.1-816, 13.1-834, 13.1-914,*
5 *13.1-916, 13.1-930 and 13.1-931.1 of the Code of Virginia, to amend the Code of Virginia*
6 *by adding sections numbered 13.1-615.1 and 13.1-815.1, by adding in Article 18 of*
7 *Chapter 9 of Title 13.1 sections numbered 13.1-775.1 and 13.1-775.2 and by adding in*
8 *Article 15 of Chapter 10 of Title 13.1 sections numbered 13.1-936.1 and 13.1-936.2, and*
9 *to repeal §§ 13.1-756, 13.1-918, 58.1-2801 through 58.1-2803, § 58.1-2804 as it will be*
10 *effective from July 1, 1988, through July 1, 1989, § 58.1-2804 as it will become effective*
11 *on July 1, 1989, §§ 58.1-2805 through 58.1-2807 and § 58.1-2813 of the Code of Virginia,*
12 *all generally relating to corporate filing and registration fees.*

13
14 Patrons—Diamonstein, Hall and Callahan; Senators: Schewel, Macfarlane and Cross

15
16 Referred to the Committee on Corporations, Insurance and Banking

17
18 Be it enacted by the General Assembly of Virginia:

19 1. That §§ 13.1-605, 13.1-609, 13.1-615, 13.1-616, 13.1-635, 13.1-752, 13.1-754, 13.1-768,
20 13.1-769.1, 13.1-805, 13.1-809, 13.1-815, 13.1-816, 13.1-834, 13.1-914, 13.1-916, 13.1-930 and
21 13.1-931.1 of the Code of Virginia are amended and reenacted and that the Code of
22 Virginia is amended by adding sections numbered 13.1-615.1 and 13.1-815.1 and by adding
23 in Article 18 of Chapter 9 of Title 13.1 sections numbered 13.1-775.1 and 13.1-775.2 and by
24 adding in Article 15 of Chapter 10 of Title 13.1 sections numbered 13.1-936.1 and 13.1-936.2
25 as follows:

26 § 13.1-605. Issuance of certificate by Commission; recordation of documents.—A.
27 Whenever this chapter conditions the effectiveness of a document upon the issuance of a
28 certificate by the Commission to evidence the effectiveness of the document, the
29 Commission shall by order issue the certificate if it finds that the document complies with
30 the requirements of law and that all required fees and franchise taxes have been paid.
31 The Commission shall admit any such certificate to record in its office and shall forward
32 the certificate for recordation in the office for the recording of deeds in the city or county
33 in which is located the registered office of each corporation that is a party to the
34 document, except that no such further recordation shall be required in the City of
35 Richmond or the Counties of Chesterfield and Henrico and except that such recordation
36 shall only be required with respect to the surviving corporation in the case of a merger
37 and with respect to any acquired corporation in the case of a statutory share exchange .

38 B. Whenever the Commission is directed to admit any document to record in its office,
39 it shall cause it to be spread upon its record books or to be reproduced in microfilm or in
40 any other manner the Commission may deem suitable. The Commission shall reproduce
41 and sell, upon request, an entire roll of microfilm containing public records, documents,
42 instruments and papers, or facsimiles thereof, copies of which could otherwise be obtained
43 from the clerk of the Commission, and shall prescribe, charge and collect a reasonable and
44 uniform fee for each roll; however, such fee shall not exceed the approximate actual cost
45 connected with processing the request and reproducing the roll of microfilm.

46 § 13.1-609. Certificate of good standing.—A. Anyone may apply to the Commission to
47 furnish a certificate of good standing for a domestic or foreign corporation.

48 B. The certificate shall state that the corporation is in good standing in this
49 Commonwealth and shall set forth:

50 1. The domestic corporation's corporate name or the foreign corporation's corporate
51 name used in this Commonwealth;

52 2. That (i) the domestic corporation is duly incorporated under the law of this
53 Commonwealth, the date of its incorporation, and the period of its duration if less than
54 perpetual; or that (ii) the foreign corporation is authorized to transact business in this

1 Commonwealth; and

2 3. If requested, a list of all certificates relating to articles filed with the Commission
3 that have been issued by the Commission with respect to such corporation and their
4 respective effective dates.

5 C. A domestic corporation or a foreign corporation authorized to transact business in
6 this Commonwealth shall be deemed to be in good standing if:

7 1. All ~~registration fees and franchise taxes owed to this Commonwealth have been paid,~~
8 ~~if payment is required to be reflected in the records of the Commission , fines, penalties~~
9 ~~and interest assessed, imposed, charged or to be collected by the Commission pursuant to~~
10 ~~this chapter or Title 12.1 have been paid ;~~

11 2. An annual report required by § 13.1-775 has been delivered to and accepted by the
12 Commission within the preceding fourteen months; and

13 3. No certificate of dissolution or certificate of withdrawal has been issued or such
14 certificate no longer is in effect.

15 D. The certificate may state any other facts of record in the office of the clerk of the
16 Commission that may be requested by the applicant.

17 E. Subject to any qualification stated in the certificate, a certificate of good standing
18 issued by the Commission may be relied upon as conclusive evidence that the domestic or
19 foreign corporation is in good standing in this Commonwealth.

20 § 13.1-615. Fees to be collected by Commission; payment of fees prerequisite to
21 Commission action; exceptions.— A. The Commission shall assess the registration fees ~~and~~
22 ~~franchise taxes~~ and shall charge and collect the charter fees and entrance fees imposed by
23 law.

24 *B. The Commission shall not issue any certificate or file any document specified in this*
25 *chapter, except the report required by § 13.1-775, until all fees, fines, penalties and*
26 *interest assessed, imposed, charged or to be collected by the Commission pursuant to this*
27 *chapter or Title 12.1 have been paid. However, a certificate of termination of corporate*
28 *existence may be issued under the provisions of § 13.1-751 without requiring prepayment*
29 *of any such assessment, but the issuance of such certificate shall not have the effect of*
30 *releasing any obligation that has accrued in favor of this Commonwealth on account of*
31 *such assessment, except as provided hereinafter.*

32 *Any domestic corporation which has ceased to exist because of the issuance of a*
33 *certificate of termination of corporate existence or any foreign corporation which has*
34 *obtained a certificate of withdrawal, effective prior to March 15 in any year, shall not be*
35 *required to pay the registration fee for that year. Any domestic or foreign corporation*
36 *which has merged, effective prior to March 15 in any year, into a surviving domestic*
37 *corporation or into a surviving foreign corporation that files with the Commission the*
38 *certificate of merger prior to such date, shall not be required to pay the registration fee*
39 *for that year. The Commission shall enter an order withdrawing and cancelling the*
40 *registration fee assessments above specified remaining unpaid. Registration fee assessments*
41 *that have been paid shall not be refunded.*

42 § 13.1-615.1. Charter and entrance fees for corporations.—A. Every domestic corporation,
43 upon the granting of its charter, shall pay a fee into the state treasury, and every foreign
44 corporation, when it obtains from the State Corporation Commission a certificate of
45 authority to do business in this Commonwealth, shall pay an entrance fee into the state
46 treasury. The fee in each case is to be ascertained and fixed as follows:

47 For any domestic or foreign corporation whose number of authorized shares is
48 1,000,000 or fewer shares — \$50 for each 25,000 shares or fraction thereof;

49 For any domestic of foreign corporation whose number of authorized shares is more
50 than 1,000,000 shares - \$2,500.

51 *B. Whenever by articles of amendment or articles of merger, the number of authorized*
52 *shares of any domestic or foreign corporation or of the surviving corporation is increased,*
53 *the charter or entrance fee to be charged shall be an amount equal to the difference*
54 *between the amount already paid as a charter or entrance fee by such corporation and*

1 *the amount that would be required by this chapter to be paid if the increased number of*
 2 *authorized shares were being stated at that time in the original articles of incorporation.*
 3 *If no charter or entrance fee has been heretofore paid to this Commonwealth, the amount*
 4 *to be paid shall be the same as would have to be paid on original incorporation or*
 5 *application for authority to transact business.*

6 § 13.1-616. Fees for filing documents or issuing certificates.—The Commission shall
 7 charge and collect the following fees:

8 A. For filing any one of the following, the fee shall be ~~ten~~ *twenty-five* dollars:

- 9 1. Articles of incorporation.
- 10 2. Articles of amendment or restatement.
- 11 3. Articles of merger or share exchange.
- 12 4. Articles of correction.
- 13 5. An application to reserve a corporate name.
- 14 6. A notice of transfer of a reserved corporate name.
- 15 7. Articles of dissolution.
- 16 8. Articles of revocation of dissolution.
- 17 9. Articles of termination of corporate existence.
- 18 10. 5. An application of a foreign corporation for a certificate of authority to transact
 19 business in this Commonwealth.
- 20 11. 6. An application of a foreign corporation for an amended certificate of authority to
 21 transact business in this Commonwealth.

22 12. A statement of withdrawal of a foreign corporation.

23 13. An application for use of an indistinguishable name.

24 7. A copy of an amendment to the articles of incorporation of a foreign corporation
 25 holding a certificate of authority to transact business in this Commonwealth.

26 8. A copy of articles of merger of a foreign corporation holding a certificate of
 27 authority to transact business in this Commonwealth.

28 B. For filing any one of the following, the fee shall be ten dollars:

- 29 1. An application to reserve a corporate name.
- 30 2. A notice of transfer of a reserved corporate name.
- 31 3. An application for use of an indistinguishable name.
- 32 4. A statement of change of address of registered office or change of registered agent,
 33 or both.
- 34 5. Articles of dissolution.
- 35 6. Articles of revocation of dissolution.
- 36 7. Articles of termination of corporate existence.
- 37 8. A statement of withdrawal of a foreign corporation.

38 B. C. For issuing a certificate of change of name the fee shall be five dollars.

39 C. For filing a statement of change of address of registered office or change of
 40 registered agent or both the fee shall be five dollars. Except in the case of the City of
 41 Richmond or the Counties of Chesterfield and Henrico, the Commission, in respect of
 42 domestic corporations, shall collect and remit to the clerk of the court for the recording of
 43 deeds in the city or county in which the registered office is located an additional fee of
 44 five dollars. If the location of the registered office is changed from one city or county to
 45 another the Commission shall collect and remit fees of five dollars for each of the clerks
 46 to which it is required to give notice.

47 D. A domestic or a foreign corporation that (i) has failed to comply with § 13.1-634 or
 48 § 13.1-763, and (ii) has been sent a written notice by the Commission to file the statement
 49 required by § 13.1-635 or § 13.1-764, and (iii) delivers such statement to the Commission
 50 for filing more than thirty days after the notice was sent, but prior to the date of the
 51 Commission order of dissolution or of revocation of authority to transact business in this
 52 Commonwealth shall pay a filing fee of twenty-five dollars instead of the filing fee
 53 prescribed by the first sentence of subdivision C of this section.

54 E. Whenever the Commission is required to admit any document to record in its office,

1 it shall collect a fee of two dollars a page plus two dollars for the order of the
2 Commission, or a fee of ten dollars, whichever is greater. Whenever any such document
3 shall also be recorded in the office of any clerk, the Commission shall collect and transmit
4 to the clerk a fee in the same amount plus two dollars for the certification fee.

5 § 13.1-635. Change of registered office or registered agent.—A. A corporation may change
6 its registered office or registered agent, or both, upon filing in the office of the
7 Commission a statement of change on a form supplied by the Commission that sets forth:

8 1. The name of the corporation;

9 2. The address of its current registered office;

10 3. If the current registered office is to be changed, the post office address, including
11 the street and number, if any, of the new registered office, and the name of the city or
12 county in which it is to be located;

13 4. The name of its current registered agent;

14 5. If the current registered agent is to be changed, the name of the new registered
15 agent; and

16 6. That after the change or changes are made, the corporation will be in compliance
17 with the requirements of § 13.1-634.

18 B. 1. The Commission shall mail to the clerk in whose office deeds are recorded in the
19 city or county in which the then registered office is located a notice giving the name of
20 the corporation, the address of the registered office and the name and address of the
21 registered agent. If the location of the registered office is changed to a different city or
22 county, the Commission shall mail a similar notice to the proper clerk of that city or
23 county. But no such notice shall be sent to the clerk of any court in the City of Richmond
24 or the Counties of Chesterfield and Henrico. The clerk, on receiving the notice, shall
25 record it in a book for the recordation of charters. Every statement shall be accompanied
26 by the fees prescribed by law.

27 2. B. A new statement of change shall forthwith be executed filed in the Office of the
28 Commission by the a corporation whenever its registered agent dies, resigns or ceases to
29 satisfy the requirements of § 13.1-634.

30 C. If a registered agent changes his business address to another place within this
31 Commonwealth, he shall change the address of the registered office of any corporation of
32 which he is a registered agent by filing a statement as required above except that it need
33 be signed, either manually or in facsimile, only by the registered agent and must recite
34 that a copy of the statement has been mailed to the corporation.

35 § 13.1-752. Automatic termination of corporate existence.—A. If any domestic corporation
36 fails on two consecutive annual dates to file the annual report required by this chapter, the
37 Commission shall mail notice to it of impending termination of corporate existence.
38 Whether or not such notice is mailed, if the corporation fails before June 1 after the
39 second such annual date to file the annual report, the corporate existence of such
40 corporation shall automatically cease as of June 1 and its properties and affairs shall pass
41 automatically to its directors as trustees in liquidation. Thereupon, the trustees shall
42 proceed to collect the assets of the corporation; sell, convey and dispose of such of its
43 properties as are not to be distributed in kind to its shareholders; pay, satisfy and
44 discharge its liabilities and obligations; and do all other acts required to liquidate its
45 business and affairs. After paying or adequately providing for the payment of all its
46 obligations, the trustees shall distribute the remainder of its assets, either in cash or in
47 kind, among its shareholders according to their respective rights and interests.

48 B. 1. Any domestic corporation shall pay the annual registration fee required by law on
49 or before April 1 (following the January assessment) of each year. If the corporation pays
50 the annual registration fee for the year assessed after April 1 and before June 1 of that
51 year, the corporation shall also pay incur a penalty of ten percent of the registration fee
52 and judgment rate of interest, as defined in § 6-1-330.10, on the total amount of the
53 registration fee assessed, or ten dollars, whichever is greater.

54 2. If any domestic corporation fails to pay by June 1 of the year assessed the annual

1 registration fee, ~~together with any penalty and interest~~, the Commission shall mail notice to
 2 the corporation of its impending termination of corporate existence. Such corporation shall
 3 be thereupon automatically terminated if any such fee, ~~penalty, or interest~~ is unpaid as of
 4 September 1 of that year, and its properties and affairs shall pass automatically to its
 5 directors as trustees in liquidation. The trustees shall proceed to (i) collect the assets of
 6 the corporation, (ii) sell, convey and dispose of such of its properties as are not to be
 7 distributed in kind to its stockholders, (iii) pay, satisfy and discharge its liabilities and
 8 obligations and (iv) do all other acts required to liquidate its business and affairs. After
 9 paying or adequately providing for the payment of all its obligations, the trustees shall
 10 distribute the remainder of its assets, either in cash or in kind, among its stockholders
 11 according to their respective rights and interests.

12 § 13.1-754. Reinstatement of a corporation that has ceased to exist.—A corporation that
 13 has ceased to exist may apply to the Commission for reinstatement within five years
 14 thereafter unless the corporate existence was terminated by order of the Commission upon
 15 a finding that the corporation has continued to exceed or abuse the authority conferred
 16 upon it by law. The Commission shall enter an order reinstating the corporate existence
 17 upon receiving an annual report together with payment of a reinstatement fee of \$100 plus
 18 all registration fees, ~~and penalties and franchise taxes~~ that were due before the
 19 corporation ceased to exist and that would have become due thereafter if the corporation
 20 had not ceased to exist, ~~together with interest to the date of the application~~. An annual
 21 report need not be submitted if such a report previously was filed during the calendar
 22 year in which reinstatement is sought. The application for reinstatement may be by letter
 23 signed by an officer or director of the corporation, or may be by affidavit signed by an
 24 agent of any shareholder's interests stating that after diligent search by such agent no
 25 officer or director can be found. The Commission shall assess the amounts that would have
 26 become due ~~together with interest to the date of the application~~. Upon the entry by the
 27 Commission of an order of reinstatement, the corporate existence shall be deemed to have
 28 continued from the date of termination of corporate existence except that reinstatement
 29 shall have no effect on any question of personal liability of the directors, officers or agents
 30 in respect to the period between termination of corporate existence and reinstatement. If
 31 the name of a corporation that has ceased to exist has been assumed or reserved or
 32 registered by any other person, the reinstated corporation shall not engage in business until
 33 it has amended its articles of incorporation to change its name.

34 § 13.1-768. Automatic revocation of certificate of authority.—A. If any foreign corporation
 35 fails on two successive annual dates to file the annual report required by this chapter, the
 36 Commission shall mail notice to it of impending revocation of its certificate of authority to
 37 do business in this Commonwealth. Whether or not such notice is mailed, if the corporation
 38 fails before June 1 after the second such annual date to file the annual report, such
 39 foreign corporation shall thereupon automatically cease to be authorized to do business in
 40 this Commonwealth and its certificate of authority shall be automatically revoked as of
 41 June 1.

42 B. 1. Any foreign corporation shall pay the annual registration fee required by law on
 43 or before April 1 (following the January assessment) of each year. If the corporation pays
 44 the annual registration fee for the year assessed after April 1 ~~and before June 1~~ of that
 45 year, the corporation shall ~~also pay incur~~ a penalty of ten percent of the registration fee
 46 ~~and interest at the judgment rate, as defined in § 6.1-330.10, on the total amount of the~~
 47 ~~registration fee assessed, or ten dollars, whichever is greater.~~

48 2. If any foreign corporation fails to pay by June 1 of the year assessed the annual
 49 registration fee, ~~together with any penalty and interest~~, the Commission shall mail notice to
 50 the corporation of impending revocation of its certificate of authority. Such corporation
 51 shall thereupon automatically cease to be authorized to do business in this Commonwealth
 52 if any such fee, ~~penalty or interest~~ is unpaid as of September 1 of that year, and its
 53 certificate of authority shall be automatically revoked.

54 § 13.1-769.1. Reentry of a foreign corporation whose certificate of authority has been

1 surrendered or revoked.—A foreign corporation whose certificate of authority issued by this
2 Commonwealth the Commission has been surrendered or revoked may apply to the
3 Commission for reentry within five years thereafter unless the certificate of authority was
4 revoked by order of the Commission upon a finding that the corporation has continued to
5 exceed or abuse the authority conferred upon it by law. A foreign corporation applying for
6 reentry shall comply with all the requirements of law applicable to an original application
7 for a certificate of authority. The Commission shall enter an order reentering the
8 certificate of authority upon receiving an annual report, together with payment of a reentry
9 fee of \$100 plus all registration fees and penalties that were due before the certificate of
10 authority was surrendered or revoked and that would have become due thereafter if the
11 corporation had not had its certificate of authority surrendered or revoked ; together with
12 interest to the date of the application . The application for reentry may be by letter signed
13 by an officer or director of the corporation. A corporation need not refile a copy of its
14 charter or any amendment thereof that is then on file in the office of the Clerk of the
15 Commission. After the authority of a foreign corporation to transact business in this
16 Commonwealth has been surrendered or revoked, the Clerk shall retain in the files of his
17 office the charter and amendments thereto filed by the corporation and its original
18 application for authority to transact business for a period of five years. Any amendments
19 made to the articles of incorporation by a foreign corporation from the date of surrender
20 or revocation of its certificate of authority to the date of application for reentry shall be
21 filed with the application for reentry. If the name of a foreign corporation, whose
22 certificate of authority issued by this Commonwealth the Commission has been surrendered
23 or revoked is not distinguishable upon the records of the Commission at the time
24 application is made for reentry, such foreign corporation shall adopt a designated name for
25 use in this Commonwealth that is distinguishable upon the records of the Commission. Upon
26 compliance with the provisions of this section the Commission shall enter an order
27 reentering the certificate of authority to do business in this Commonwealth.

28 § 13.1-775.1. (Effective from July 1, 1988, until July 1, 1989) Annual registration fees for
29 domestic and foreign corporations.—A. From July 1, 1988, to July 1, 1989, every domestic
30 corporation and every foreign corporation authorized to do business in this
31 Commonwealth, whose number of authorized shares is 5,000 shares or less, shall pay into
32 the state treasury on or before April 1 in each year an annual registration fee of \$50.

33 Any such corporation whose number of authorized shares is more than 5,000 shall pay
34 an annual registration fee of \$50 plus \$15 for each 5,000 shares or fraction thereof in
35 excess of 5,000 shares up to a maximum of \$850.

36 Such annual registration fee shall be irrespective of any specific license tax or other
37 tax or fee imposed by law upon the corporation for the privilege of carrying on its
38 business in this Commonwealth or upon its franchise, property or receipts.

39 B. The State Corporation Commission shall ascertain from its records the number of
40 authorized shares of each such corporation authorized to do business in this
41 Commonwealth, as of January 1 of each year, and shall assess against each such
42 corporation the registration fee herein imposed. A statement of the assessment, when
43 made, shall be forwarded by the Clerk of the State Corporation Commission, before March
44 15, to the Comptroller and to each such corporation.

45 C. Any corporation which fails to pay the registration fee herein imposed within the
46 time prescribed shall incur a penalty thereon as provided in subdivision B1 of § 13.1-752
47 or § 13.1-768, as the case may be, which shall be added to the amount of the registration
48 fee. Such penalty shall be in addition to any other penalty or liability provided by law.

49 D. The fees paid into the state treasury under this section shall be set aside as a
50 special fund to be used only by the State Corporation Commission as it deems necessary
51 to defray all costs of staffing, maintaining and operating the office of the Clerk of the
52 Commission, together with all other costs incurred by the Commission in supervising,
53 implementing and administering the provisions of Part 4 (§ 8.9-401 et seq.) of Title 8.9,
54 Title 13.1, except for Chapters 5 (§ 13.1-501 et seq.), 6 (§ 13.1-528 et seq.) and 8 (§ 13.1-557

1 *et seq.) and Article 6 (§ 55-142.1 et seq.) of Chapter 6 of Title 55. The excess of fees*
2 *collected over the current fiscal year, administrative costs and the projected costs of*
3 *administration in the next fiscal year shall be paid into the general fund prior to the close*
4 *of the fiscal year. Such amount, combined with the projected costs of administration in*
5 *the next fiscal year, shall not be less than one-half of the fees collected.*

6 § 13.1-775.1. (Effective July 1, 1989) *Annual registration fees for domestic and foreign*
7 *corporations.—A. Every domestic corporation and every foreign corporation authorized to*
8 *do business in this Commonwealth, whose number of authorized shares is 5,000 shares or*
9 *less, shall pay into the state treasury on or before April 1 in each year an annual*
10 *registration fee of \$50.*

11 *Any such corporation whose number of authorized shares is more than 5,000 shall pay*
12 *an annual registration fee of \$50 plus \$15 for each 5,000 shares or fraction thereof in*
13 *excess of 5,000 shares up to a maximum of \$850.*

14 *Such annual registration fee shall be irrespective of any specific license tax or other*
15 *tax or fee imposed by law upon the corporation for the privilege of carrying on its*
16 *business in this Commonwealth or upon its franchise, property or receipts.*

17 *B. The State Corporation Commission shall ascertain from its records the number of*
18 *authorized shares of each such corporation authorized to do business in this*
19 *Commonwealth, as of January 1 of each year, and shall assess against each such*
20 *corporation the registration fee herein imposed. A statement of the assessment, when*
21 *made, shall be forwarded by the Clerk of the State Corporation Commission, before March*
22 *15, to the Comptroller and to each such corporation.*

23 *C. Any corporation which fails to pay the registration fee herein imposed within the*
24 *time prescribed shall incur a penalty thereon as provided in subdivision B1 of § 13.1-752*
25 *or § 13.1-768, as the case may be, which shall be added to the amount of the registration*
26 *fee. Such penalty shall be in addition to any other penalty or liability provided by law.*

27 *D. The fees paid into the state treasury under this section shall be set aside as a*
28 *special fund to be used only by the State Corporation Commission as it deems necessary*
29 *to defray all costs of staffing, maintaining and operating the office of the Clerk of the*
30 *Commission, together with all other costs incurred by the Commission in supervising,*
31 *implementing and administering the provisions of Part 4 (§ 8.9-401 et seq.) of Title 8.9,*
32 *Title 13.1, except for Chapters 5 (§ 13.1-501 et seq.), 6 (§ 13.1-528 et seq.) and 8 (§ 13.1-557*
33 *et seq.) and Article 6 (§ 55-142.1 et seq.) of Chapter 6 of Title 55, provided that one-half of*
34 *the fees collected shall be credited to the general fund. The excess of fees collected over*
35 *the current fiscal year, administrative costs and the projected costs of administration in*
36 *the next fiscal year shall be paid into the general fund prior to the close of the fiscal*
37 *year.*

38 § 13.1-775.2. *Collection of unpaid bills for registration fees.—The registration fee with*
39 *penalty and interest shall be enforceable, in addition to existing remedies for the collection*
40 *of taxes, levies and fees, by action in equity, in the name of the Commonwealth, in the*
41 *appropriate circuit court. Venue shall be in accordance with § 8.01-261 of the Code. The*
42 *Attorney General at the request of the Commission shall institute an action in the proper*
43 *court for the collection of the amount of any registration fee past due under this chapter,*
44 *including any penalty or interest thereon.*

45 § 13.1-805. *Issuance of certificate by Commission; recordation of documents.—A.*
46 *Whenever this chapter conditions the effectiveness of a document upon the issuance of a*
47 *certificate by the Commission to evidence the effectiveness of the document, the*
48 *Commission shall by order issue the certificate if it finds that the document complies with*
49 *the requirements of law and that all required fees have been paid. The Commission shall*
50 *admit any such certificate to record in its office and shall forward the certificate for*
51 *recordation in the office for the recording of deeds in the city or county in which is*
52 *located the registered office of each corporation that is a party to the document, except*
53 *that no such further recordation shall be required in the City of Richmond or the Counties*
54 *of Chesterfield and Henrico and except that such recordation shall only be required with*

1 respect to the surviving corporation in the case of a merger and with respect to any
2 acquired corporation in the case of a statutory share exchange .

3 B. Whenever the Commission is directed to admit any document to record in its office,
4 it shall cause it to be spread upon its record books or to be reproduced in microfilm or in
5 any other manner the Commission may deem suitable. The Commission shall reproduce
6 and sell, upon request, an entire roll of microfilm containing public records, documents,
7 instruments and papers, or facsimiles thereof, copies of which could otherwise be obtained
8 from the clerk of the Commission, and shall prescribe, charge and collect a reasonable and
9 uniform fee for each roll; however, such fee shall not exceed the approximate actual cost
10 connected with processing the request and reproducing the roll of microfilm.

11 § 13.1-809. Certificate of good standing.—A. Anyone may apply to the Commission for a
12 certificate of good standing for a domestic or foreign corporation.

13 B. The certificate shall state that the corporation is in good standing in this
14 Commonwealth and shall set forth:

15 1. The domestic corporation's corporate name or the foreign corporation's corporate
16 name used in this Commonwealth;

17 2. That (i) the domestic corporation is duly incorporated under the laws of this
18 Commonwealth, the date of its incorporation, and the period of its duration if less than
19 perpetual; or (ii) the foreign corporation is authorized to transact business in this
20 Commonwealth; and

21 3. If requested, a list of all certificates relating to articles filed with the Commission
22 that have been issued by the Commission with respect to such corporation and their
23 respective effective dates.

24 C. A domestic corporation or a foreign corporation authorized to transact business in
25 this Commonwealth shall be deemed to be in good standing if:

26 1. All registration fees owed to this Commonwealth have been paid, if payment is
27 required to be reflected in the records of the Commission , fines, penalties and interest
28 assessed, imposed, charged or to be collected by the Commission pursuant to this chapter
29 or Title 12.1 have been paid ;

30 2. An annual report required by § 13.1-936 has been delivered to and accepted by the
31 Commission within the preceding fourteen months; and

32 3. No certificate of dissolution or certificate of withdrawal has been issued or such
33 certificate no longer is in effect.

34 D. The certificate may state any other facts of record in the office of the clerk of the
35 Commission that may be requested by the applicant.

36 E. Subject to any qualification stated in the certificate, a certificate of good standing
37 issued by the Commission may be relied upon as conclusive evidence that the domestic or
38 foreign corporation is in good standing in this Commonwealth.

39 § 13.1-815. Fees to be collected by Commission; payment of fees prerequisite to
40 Commission action; exceptions.— A. The Commission shall assess the registration fees and
41 shall charge and collect the charter fees and entrance fees imposed by law.

42 B. *The Commission shall not issue any certificate or file any document specified in this*
43 *chapter, except the report required by § 13.1-936, until all fees, charges, fines, penalties*
44 *and interest assessed, imposed, charged or to be collected by the Commission pursuant to*
45 *this chapter or Title 12.1 have been paid. However, a certificate of termination of*
46 *corporate existence may be issued under the provisions of § 13.1-913 without requiring*
47 *prepayment of any such assessment, but the issuance of such certificate shall not have the*
48 *effect of releasing any obligation that has accrued in favor of this Commonwealth on*
49 *account of such assessment, except as provided hereinafter.*

50 *Any domestic corporation which has ceased to exist because of the issuance of a*
51 *certificate of termination of corporate existence or any foreign corporation which has*
52 *obtained a certificate of withdrawal, effective prior to March 15 in any year, shall not be*
53 *required to pay the registration fee for that year. Any domestic or foreign corporation*
54 *which has merged, effective prior to March 15 in any year, into a surviving domestic*

1 corporation or into a surviving foreign corporation that files with the Commission the
 2 certificate of merger prior to such date, shall not be required to pay the registration fee
 3 for that year. The Commission shall enter an order withdrawing and cancelling the
 4 registration fee assessments above specified remaining unpaid. Registration fee assessments
 5 that have been paid shall not be refunded.

6 § 13.1-815.1. Charter and entrance fees for corporations.—Every domestic corporation,
 7 upon the granting of its charter, shall pay a \$100 fee into the state treasury, and every
 8 foreign corporation without capital stock shall pay \$100 into the state treasury for its
 9 certificate of authority to conduct its affairs in this Commonwealth.

10 § 13.1-816. Fees for filing documents or issuing certificates.—The Commission shall
 11 charge and collect the following fees:

12 A. For filing any one of the following, the fee shall be ~~ten~~ twenty-five dollars:

13 1. Articles of incorporation.

14 2. Articles of amendment or restatement.

15 3. Articles of merger.

16 4. Articles of correction.

17 ~~5. Articles of dissolution.~~

18 ~~6. Articles of revocation of dissolution.~~

19 ~~7. An application to reserve a corporate name.~~

20 ~~8. A notice of transfer of a reserved corporate name.~~

21 ~~9. Articles of termination of corporate existence.~~

22 ~~10.~~ 5. An application of a foreign corporation for a certificate of authority to transact
 23 business in this Commonwealth.

24 ~~11.~~ 6. An application of a foreign corporation for an amended certificate of authority to
 25 transact business in this Commonwealth.

26 ~~12.~~ 7. A copy of an amendment to the articles of incorporation of a foreign corporation
 27 holding a certificate of authority to transact business in this Commonwealth.

28 ~~13.~~ 8. A copy of articles of merger or consolidation of a foreign corporation holding a
 29 certificate of authority to transact business in this Commonwealth.

30 ~~14. A statement of withdrawal of a foreign corporation.~~

31 ~~15. An application for use of an indistinguishable name.~~

32 B. For filing any one of the following, the fee shall be ten dollars:

33 1. An application to reserve a corporate name.

34 2. A notice of transfer of a reserved corporate name.

35 3. An application for use of an indistinguishable name.

36 4. A statement of change of address of registered office or change of registered agent,
 37 or both.

38 5. Articles of dissolution.

39 6. Articles of revocation of dissolution.

40 7. Articles of termination of corporate existence.

41 8. A statement of withdrawal of a foreign corporation.

42 ~~B.~~ C. For issuing a certificate of change of name the fee shall be five dollars.

43 ~~C.~~ For filing a statement of change of address or registered office or change of
 44 registered agent or both the fee shall be five dollars. Except in the case of the City of
 45 Richmond or the Counties of Chesterfield and Henrico, the Commission, in respect to
 46 domestic corporations, shall collect and remit to the clerk of the court for the recording of
 47 deeds in the city or county in which the registered office is located an additional fee of
 48 five dollars. If the location of the registered office is changed from one city or county to
 49 another the Commission shall collect and remit fees of five dollars for each of the clerks
 50 to which it is required to give notice.

51 D. A domestic or a foreign corporation that (i) has failed to comply with § 13.1-833 or
 52 § 13.1-925, and (ii) has been sent a written notice by the Commission to file the statement
 53 required by § 13.1-834 or § 13.1-921, and (iii) delivers such statement to the Commission
 54 for filing more than thirty days after the notice was sent, but prior to the date of the

1 Commission order of dissolution or of revocation of authority to transact business in this
2 Commonwealth, shall pay a filing fee of ten dollars instead of the filing fee prescribed by
3 the first sentence of subdivision C of this section.

4 E. Whenever the Commission is required to admit any document to record in its office,
5 it shall collect a fee of two dollars a page plus two dollars for the order of the
6 Commission, or a fee of ten dollars, whichever is greater. Whenever any such document
7 shall also be recorded in the office of any clerk, the Commission shall collect and transmit
8 to such clerk a fee in the same amount plus two dollars for the certification fee.

9 § 13.1-834. Change of registered office or registered agent.—A. A corporation may change
10 its registered office or registered agent, or both, upon filing in the office of the
11 Commission a statement on a form supplied by the Commission that sets forth:

12 1. The name of the corporation;

13 2. The address of its current registered office;

14 3. If the current registered office is to be changed, the post-office address (including
15 the street and number, if any) of the new registered office and the name of the county or
16 city in which it is to be located;

17 4. The name of its current registered agent;

18 5. If the current registered agent is to be changed, the name of the new registered
19 agent; and

20 6. That after the change or changes are made, the corporation shall be in compliance
21 with the requirements of § 13.1-833.

22 B. The Commission shall mail to the clerk in whose office deeds are recorded in the
23 city or county in which the current registered office is located a notice giving the name of
24 the corporation, the address of the registered office and the name and address of the
25 registered agent. If the location of the registered office is changed to a different city or
26 county, the Commission shall mail a similar notice to the proper clerk of that city or
27 county. But no such notice shall be sent to the clerk of any court in the City of Richmond
28 or the Counties of Chesterfield and Henrico. The clerk, on receiving the notice, shall
29 record it in a book for the recordation of charters. Every statement shall be accompanied
30 by the fees prescribed by law.

31 C. A new statement of change shall forthwith be executed filed in the office of the
32 Commission by the a corporation whenever its registered agent dies, resigns or ceases to
33 satisfy the requirements of § 13.1-833.

34 D. C. If a registered agent changes his business address to another place within this
35 Commonwealth, he shall change the address of the registered office of any corporation of
36 which he is a registered agent by filing a statement as required above except that it need
37 be signed, either manually or in facsimile, only by the registered agent and shall recite
38 that a copy of the statement has been mailed to the corporation.

39 § 13.1-914. Automatic termination of corporate existence.—A. If any domestic corporation
40 fails on two successive annual dates to file the annual report required by this chapter, the
41 Commission shall mail notice to it of impending termination of corporate existence.
42 Whether or not such notice is mailed, if the corporation fails before June 1 after the
43 second such annual date to file the annual report, the corporate existence of such
44 corporation shall automatically cease June 1 and its properties and affairs shall pass
45 automatically to its directors as trustees in liquidation. Thereupon, the trustees shall
46 proceed to collect the assets of the corporation, and pay, satisfy and discharge its liabilities
47 and obligations and do all other acts required to liquidate its business. After paying or
48 adequately providing for the payment of all its obligations, the trustees shall distribute the
49 remainder of its assets in accordance with § 13.1-907.

50 B. 1. Any domestic corporation shall pay the annual registration fee required by law on
51 or before April 1 (following the January assessment) of each year. If the corporation pays
52 the annual registration fee for the year assessed after April 1 and before June 1 of that
53 year, the corporation shall also pay incur a penalty of ten percent of the registration fee
54 and interest at the judgment rate, as defined in § 6.1-330.10, on the total amount of the

1 registration fee assessed *dollars* .

2 2. If any domestic corporation fails to pay by June 1 of the year assessed the annual
3 registration fee, ~~together with any penalty and interest~~, the Commission shall mail notice to
4 the corporation of impending termination of corporate existence. Such corporation shall be
5 thereupon automatically terminated if any such fee , ~~penalty or interest~~ is unpaid as of
6 September 1 of that year, and its properties and affairs shall pass automatically to its
7 directors as trustees in liquidation. Thereupon, the trustees shall proceed to collect the
8 assets of the corporation, and pay, satisfy and discharge its liabilities and obligations and
9 do all other acts required to liquidate its business. After paying or adequately providing for
10 the payment of all of its obligations, the trustees shall distribute the remainder of its assets
11 in accordance with § 13.1-907.

12 § 13.1-916. Reinstatement of corporation that has ceased to exist.—A corporation that has
13 ceased to exist may apply to the Commission for reinstatement within five years thereafter
14 unless the corporate existence was terminated by order of the Commission upon a finding
15 that the corporation has continued to exceed or abuse the authority conferred upon it by
16 law. The Commission shall enter an order reinstating the corporate existence upon
17 receiving an annual report together with payment of a reinstatement fee of ten dollars plus
18 all registration fees and penalties that were due before the corporation ceased to exist and
19 that would have become due thereafter if the corporation had not ceased to exist ,
20 ~~together with interest to the date of the application~~ . An annual report need not be
21 submitted if such a report previously was filed during the calendar year in which
22 reinstatement is sought. The application for reinstatement may be by letter signed by an
23 officer or director of the corporation. The Commission shall assess the amounts that would
24 have become due ~~together with interest to the date of the application~~ . Upon the entry by
25 the Commission of an order of reinstatement, the corporate existence shall be deemed to
26 have continued from the date of the termination of corporate existence except that
27 reinstatement shall have no effect on any question of personal liability of the directors,
28 officers or agents in respect of the period between termination of corporate existence and
29 reinstatement. If the name of a corporation that has ceased to exist has been assumed or
30 reserved or registered by any other person or corporation, the reinstated corporation shall
31 not transact business until it has amended its articles of incorporation to change its name.

32 § 13.1-930. Automatic revocation of certificate of authority.—A. If any foreign corporation
33 fails on two successive annual dates to file the annual report required by this chapter, the
34 Commission shall mail notice to it of impending revocation of its certificate of authority to
35 transact business in this Commonwealth. Whether or not such notice is mailed, if the
36 corporation fails before June 1 after the second such annual date to file the annual report,
37 such foreign corporation shall thereupon automatically cease to be authorized to transact
38 business in this Commonwealth and its certificate of authority shall be automatically
39 revoked as of June 1.

40 B. 1. Any foreign corporation shall pay the annual registration fee required by law on
41 or before April 1 (following the January assessment) of each year. If the corporation pays
42 the annual registration fee for the year assessed after April 1 and ~~before June 1~~ of that
43 year, the corporation shall also pay *incur* a penalty of ten percent of the registration fee
44 and interest at the judgment rate, as defined in § 6.1-330.10, on the total amount of the
45 registration fee assessed *dollars* .

46 2. If any foreign corporation fails to pay by June 1 of the year assessed the annual
47 registration fee, ~~together with any penalty and interest~~, the Commission shall mail notice to
48 the corporation of impending revocation of its certificate of authority. Such corporation
49 shall thereupon automatically cease to be authorized to do business in this Commonwealth
50 if any such fee , ~~penalty or interest~~ is unpaid as of September 1 of that year, and its
51 certificate of authority shall be automatically revoked.

52 § 13.1-931.1. Reentry of foreign corporation whose certificate of authority has been
53 surrendered or revoked.—A foreign corporation whose certificate of authority issued by ~~this~~
54 ~~Commonwealth~~ *the Commission* has been surrendered or revoked may apply to the

1 Commission for reentry within five years thereafter unless the certificate of authority was
2 revoked by order of the Commission upon a finding that the corporation has continued to
3 exceed or abuse the authority conferred upon it by law. A foreign corporation applying for
4 reentry shall comply with all the requirements of law applicable to an original application
5 for a certificate of authority. The Commission shall enter an order reentering the
6 certificate of authority upon receiving an annual report, together with payment of a reentry
7 fee of ten dollars plus all registration fees and penalties that were due before the
8 certificate of authority was surrendered or revoked and that would have become due
9 thereafter if the corporation had not had its certificate of authority surrendered or revoked
10 ; together with interest to the date of the application . The application for reentry may be
11 by letter signed by an officer or director of the corporation. A corporation need not refile
12 a copy of its charter or any amendment thereof that is then on file in the office of the
13 Clerk of the Commission. After the authority of a foreign corporation to transact business
14 in this Commonwealth has been surrendered or revoked, the Clerk shall retain in the files
15 of his office the charter and amendments thereto filed by the corporation and its original
16 application for authority to transact business for a period of five years. Any amendments
17 made to the articles of incorporation by a foreign corporation from the date of surrender
18 or revocation of its certificate of authority to the date of application for reentry shall be
19 filed with the application for reentry. If the name of a foreign corporation, whose
20 certificate of authority issued by this Commonwealth the Commission has been surrendered
21 or revoked is not distinguishable upon the records of the Commission at the time
22 application is made for reentry, such foreign corporation shall adopt a designated name for
23 use in this Commonwealth that is distinguishable upon the records of the Commission. Upon
24 compliance with the provisions of this section the Commission shall enter an order
25 reentering the certificate of authority to do business in this Commonwealth.

26 § 13.1-936.1. (Effective from July 1, 1988, until July 1, 1989) Annual registration fees for
27 domestic and foreign corporations.—A. From July 1, 1988, to July 1, 1989, every domestic
28 corporation and every foreign corporation authorized to conduct its affairs in this
29 Commonwealth shall pay into the state treasury on or before April 1 in each year an
30 annual registration fee of twenty-five dollars.

31 Such annual registration fee shall be irrespective of any specific license tax or other
32 tax or fee imposed by law upon the corporation for the privilege of conducting its affairs
33 in this Commonwealth or upon its franchise, property or receipts. Nonstock corporations
34 incorporated before 1970 which were not liable for the annual registration fee therefor
35 shall not be liable for an annual registration fee hereafter.

36 B. The State Corporation Commission shall ascertain from its records each such
37 corporation authorized to conduct its affairs in this Commonwealth, as of January 1 of
38 each year, and shall assess against each such corporation the registration fee herein
39 imposed. A statement of the assessment, when made, shall be forwarded by the Clerk of
40 the State Corporation Commission, before March 15, to the Comptroller and to each such
41 corporation.

42 C. Any corporation which fails to pay the registration fee herein imposed within the
43 time prescribed shall incur a penalty thereon as provided in subdivision B1 of § 13.1-914
44 or § 13.1-930, as the case may be, which shall be added to the amount of the registration
45 fee. Such penalty shall be in addition to any other penalty or liability provided by law.

46 D. The fees paid into the state treasury under this section shall be set aside as a
47 special fund to be used only by the State Corporation Commission as it deems necessary
48 to defray all costs of staffing, maintaining and operating the office of the Clerk of the
49 Commission, together with all other costs incurred by the Commission in supervising,
50 implementing and administering the provisions of Part 4 (§ 8.9-401 et seq.) of Title 8.9,
51 Title 13.1, except for Chapters 5 (§ 13.1-501 et seq.), 6 (§ 13.1-528 et seq.) and 8 (§ 13.1-557
52 et seq.) and Article 6 (§ 55-142.1 et seq.) of Chapter 6 of Title 55. The excess of fees
53 collected over the current fiscal year, administrative costs and the projected costs of
54 administration in the next fiscal year shall be paid into the general fund prior to the close

1 of the fiscal year. Such amount, combined with the projected costs of administration in
2 the next fiscal year, shall not be less than one-half of the fees collected.

3 § 13.1-936.1. (Effective July 1, 1989) Annual registration fees for domestic and foreign
4 corporations.—A. Every domestic corporation and every foreign corporation authorized to
5 conduct its affairs in this Commonwealth shall pay into the state treasury on or before
6 April 1 in each year an annual registration fee of twenty-five dollars.

7 Such annual registration fee shall be irrespective of any specific license tax or other
8 tax or fee imposed by law upon the corporation for the privilege of conducting its affairs
9 in this Commonwealth or upon its franchise, property or receipts. Nonstock corporations
10 incorporated before 1970 which were not liable for the annual registration fee therefor
11 shall not be liable for an annual registration fee hereafter.

12 B. The State Corporation Commission shall ascertain from its records each such
13 corporation authorized to conduct its affairs in this Commonwealth, as of January 1 of
14 each year, and shall assess against each such corporation the registration fee herein
15 imposed. A statement of the assessment, when made, shall be forwarded by the Clerk of
16 the State Corporation Commission, before March 15, to the Comptroller and to each such
17 corporation.

18 C. Any corporation which fails to pay the registration fee herein imposed within the
19 time prescribed shall incur a penalty thereon as provided in subdivision B1 of § 13.1-914
20 or § 13.1-930, as the case may be, which shall be added to the amount of the registration
21 fee. Such penalty shall be in addition to any other penalty or liability provided by law.

22 D. The fees paid into the state treasury under this section shall be set aside as a
23 special fund to be used only by the State Corporation Commission as it deems necessary
24 to defray all costs of staffing, maintaining and operating the office of the Clerk of the
25 Commission, together with all other costs incurred by the Commission in supervising,
26 implementing and administering the provisions of Part 4 (§ 8.9-401 et seq.) of Title 8.9,
27 Title 13.1, except for Chapters 5 (§ 13.1-501 et seq.), 6 (§ 13.1-528 et seq.), and 8 (§
28 13.1-557 et seq.) and Article 6 (§ 55-142.1 et seq.) of Chapter 6 of Title 55, provided that
29 one-half of the fees collected shall be credited to the general fund. The excess of fees
30 collected over the current fiscal year, administrative costs and the projected costs of
31 administration in the next fiscal year shall be paid into the general fund prior to the close
32 of the fiscal year.

33 § 13.1-936.2. Collection of unpaid bills for registration fees.—The registration fee with
34 penalty and interest shall be enforceable, in addition to existing remedies for the collection
35 of taxes, levies and fees, by action in equity, in the name of the Commonwealth, in the
36 appropriate circuit court. Venue shall be in accordance with § 8.01-261 of the Code. The
37 Attorney General at the request of the Commission shall institute an action in the proper
38 court for the collection of the amount of any registration fee past due under this chapter,
39 including any penalty or interest thereon.

40 2. That §§ 13.1-756, 13.1-918, and §§ 58.1-2801 through 58.1-2803, § 58.1-2804 as it will be
41 effective from July 1, 1988, through July 1, 1989, § 58.1-2804 as it will become effective on
42 July 1, 1989, §§ 58.1-2805 through 58.1-2807 and § 58.1-2813 of the Code of Virginia are
43 repealed.

44 3. That an emergency exists and the amendments to §§ 13.1-752, 13.1-768, 13.1-914 and
45 13.1-930 in this act shall become effective upon passage of this act and the remainder of
46 this act shall become effective in due course.

47
48
49
50
51
52
53
54

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54

Official Use By Clerks	
<p style="text-align: center;">Passed By</p> <p>The House of Delegates</p> <p>without amendment <input type="checkbox"/></p> <p>with amendment <input type="checkbox"/></p> <p>substitute <input type="checkbox"/></p> <p>substitute w/amdt <input type="checkbox"/></p>	<p style="text-align: center;">Passed By The Senate</p> <p>without amendment <input type="checkbox"/></p> <p>with amendment <input type="checkbox"/></p> <p>substitute <input type="checkbox"/></p> <p>substitute w/amdt <input type="checkbox"/></p>
Date: _____	Date: _____
Clerk of the House of Delegates	Clerk of the Senate

1988 SESSION

LD0575452

HOUSE BILL NO. 240

Offered January 18, 1988

A BILL to amend the Code of Virginia by adding in Chapter 32 of Title 58.1 an article numbered 4.1, consisting of sections numbered 58.1-3245 through 58.1-3245.5, relating to tax increment financing.

Patrons—Diamonstein, Callahan and Harris, E. R.; Senators: Schewel, Macfarlane and Cross

Referred to the Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 32 of Title 58.1 an article numbered 4.1, consisting of sections numbered 58.1-3245 through 58.1-3245.5 as follows:

*Article 4.1.**Tax Increment Financing.*

§ 58.1-3245. *Definitions.—As used in this article, unless the context clearly shows otherwise, the term or phrase:*

“Base assessed value” means the assessed value of real estate within a development project area as shown upon the land book records of the local assessing officer on January 1 of the year preceding the effective date of the ordinance creating the development project area.

“Blighted area” means any area within the borders of a development project area which impairs economic values and tax revenues, causes an increase in and spread of disease and crime, and is a menace to the health, safety, morals and welfare of the citizens of the Commonwealth; or any area which endangers the public health, safety and welfare because commercial, industrial and residential structures are subject to dilapidation, deterioration, obsolescence, inadequate ventilation, inadequate public utilities and violations of minimum health and safety standards; or any area previously designated as a blighted area pursuant to § 36-48 of the Code of Virginia.

“Current assessed value” means the annual assessed value of real estate in a development project area as recorded on the land book records of the local assessing officer.

“Development project area” means a blighted area designated for development or redevelopment in an ordinance passed by the local governing body.

“Governing body” means the board of supervisors, council or other legislative body of any county, city or town.

“Obligations” means bonds, general obligation bonds and revenue bonds as defined in § 15.1-172 (e), (f) and (g) of the Public Finance Act (§ 15.1-170 et seq.), and any other form of indebtedness which the county, city or town may incur.

“Tax increment” means the amount by which the current assessed value of real estate exceeds the base assessed value.

§ 58.1-3245.1. *Blighted areas constitute public danger.—It is hereby found and declared that blighted areas exist in the Commonwealth, and these areas impair economic values and tax revenues, and endanger the health, safety, morals and welfare of the citizens because commercial, residential and industrial structures are subject to dilapidation, deterioration, inadequate ventilation, and inadequate public utilities. Local governments should encourage private investment in development project areas in order to enhance the real estate tax base of such areas and to eliminate blighted conditions. It is essential to the public interest that governing bodies have authority to finance development project costs by using real estate tax increments to encourage private investment in development project areas.*

§ 58.1-3245.2. *Tax increment financing.—The governing body of any county, city or town may adopt tax increment financing by passing an ordinance designating a development project area and providing that real estate taxes in the development project*

1 area shall be assessed and collected in the following manner:

2 1. Real estate taxes attributable to the lower of the current assessed value or base
3 assessed value of real estate located in a development project area shall be collected by
4 the treasurer or director of finance pursuant to the provisions of Chapter 32 of Title 58.1
5 (§ 58.1-3200 et seq.) of this Code.

6 2. Real estate taxes attributable to the increased value between the current assessed
7 value of any parcel of real estate and the base assessed value of such real estate shall be
8 allocated by the treasurer or director of finance and paid into a special fund entitled the
9 "Tax Increment Financing Fund" to pay the principal and interest on bonds, loans or
10 other debts incurred to finance the development project area costs.

11 3. The local assessing officer shall record in the land book both the base assessed
12 value and the current assessed value of the real estate in the development project area.

13 The governing body shall hold a public hearing on the need for tax increment
14 financing in the county, city or town prior to adopting a tax increment financing
15 ordinance. Notice of the public hearing shall be published once each week for three
16 consecutive weeks immediately preceding the public hearing in each newspaper of general
17 circulation in such county, city or town. The notice shall include the time, place and
18 purpose of the public hearing, define tax increment financing, indicate the proposed
19 boundaries of the development project area, and propose obligations to be issued to
20 finance the development project area costs.

21 § 58.1-3245.3. Copies of tax increment financing ordinance to local assessing officer and
22 treasurer or director of finance.—The governing body shall transmit to the local assessing
23 officer and treasurer or director of finance a copy of the tax increment financing
24 ordinance, a description of all real estate located within the development project area, a
25 map indicating the boundaries of the development project area and the manner of
26 collecting and allocating real estate taxes pursuant to this article.

27 § 58.1-3245.4. Issuance of obligations for project costs.—Any county, city or town which
28 adopts tax increment financing may issue obligations secured by the Tax Increment
29 Financing Fund established in § 58.1-3245.2 to finance the development project area costs.
30 All obligations issued pursuant to this section shall be subject to the requirements and
31 limitations of the Public Finance Act (Chapter 5, § 15.1-170 et seq., of Title 15.1) and the
32 charter provisions of each county, city or town. The ordinance authorizing the issuance of
33 obligations may pledge all or any part of the funds deposited in the Tax Increment
34 Financing Fund for the payment of the development project area costs and obligations.
35 Any revenues in the Tax Increment Financing Fund which are not pledged as security for
36 the obligations issued shall be deemed "surplus funds." At the end of the tax year, all
37 surplus funds shall be paid into the general fund of the county, city or town in which the
38 development project area is located.

39 A county, city or town may also pledge any part or combination of the following
40 revenues for a period not to exceed the term of the obligations:

- 41 1. Net revenues of all or part of any development project;
- 42 2. All real estate and tangible personal property taxes;
- 43 3. The full faith and credit of the locality;
- 44 4. Any other taxes or anticipated revenues that the county, city or town may lawfully
45 pledge.

46 § 58.1-3245.5. Dissolving the Tax Increment Financing Fund.—The governing body shall
47 pass an ordinance to dissolve the Tax Increment Financing Fund, and to terminate the
48 existence of a development project area, upon the payment of all development projects
49 costs and other debts related to development project areas. When the Tax Increment
50 Financing Fund is dissolved, any revenue remaining in the Fund after payment of all
51 debts shall be paid into the general fund of the county, city or town.

52 Upon dissolving the Tax Increment Financing Fund, the real estate shall be assessed
53 and taxes collected in the same manner as applicable in the year preceding the adoption
54 of the tax increment financing ordinance, and pursuant to Chapter 32 of Title 58.1 of this

1 Code.
 2
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25
 26
 27
 28
 29
 30
 31
 32
 33
 34
 35
 36
 37
 38
 39
 40
 41
 42
 43
 44
 45
 46
 47
 48
 49
 50
 51
 52
 53
 54

Official Use By Clerks	
<p style="text-align: center;">Passed By</p> <p>The House of Delegates</p> <p>without amendment <input type="checkbox"/></p> <p>with amendment <input type="checkbox"/></p> <p>substitute <input type="checkbox"/></p> <p>substitute w/amdt <input type="checkbox"/></p>	<p style="text-align: center;">Passed By The Senate</p> <p>without amendment <input type="checkbox"/></p> <p>with amendment <input type="checkbox"/></p> <p>substitute <input type="checkbox"/></p> <p>substitute w/amdt <input type="checkbox"/></p>
Date: _____	Date: _____
_____ Clerk of the House of Delegates	_____ Clerk of the Senate

1988 SESSION

LD2893452

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54

HOUSE BILL NO. 240
AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Finance
on February 16, 1988)
(Patron Prior to Substitute—Delegate Diamonstein)

A BILL to amend the Code of Virginia by adding in Chapter 32 of Title 58.1 an article numbered 4.1, consisting of sections numbered 58.1-3245 through 58.1-3245.5, relating to tax increment financing.

Be it enacted by the General Assembly of Virginia:
1. That the Code of Virginia is amended by adding in Chapter 32 of Title 58.1 an article numbered 4.1, consisting of sections numbered 58.1-3245 through 58.1-3245.5 as follows:

Article 4.1.

Tax Increment Financing.

§ 58.1-3245. Definitions.—As used in this article, unless the context clearly shows otherwise, the term or phrase:

“Base assessed value” means the assessed value of real estate within a development project area as shown upon the land book records of the local assessing officer on January 1 of the year preceding the effective date of the ordinance creating the development project area.

“Blighted area” means any area within the borders of a development project area which impairs economic values and tax revenues, causes an increase in and spread of disease and crime, and is a menace to the health, safety, morals and welfare of the citizens of the Commonwealth; or any area which endangers the public health, safety and welfare because commercial, industrial and residential structures are subject to dilapidation, deterioration, obsolescence, inadequate ventilation, inadequate public utilities and violations of minimum health and safety standards; or any area previously designated as a blighted area pursuant to § 36-48 of the Code of Virginia.

“Current assessed value” means the annual assessed value of real estate in a development project area as recorded on the land book records of the local assessing officer.

“Development project area” means a blighted area designated for development or redevelopment in an ordinance passed by the local governing body.

“Governing body” means the board of supervisors, council or other legislative body of any county, city or town.

“Obligations” means bonds, general obligation bonds and revenue bonds as defined in § 15.1-172 (e), (f) and (g) of the Public Finance Act (§ 15.1-170 et seq.), and any other form of indebtedness which the county, city or town may incur.

“Tax increment” means the amount by which the current assessed value of real estate exceeds the base assessed value.

§ 58.1-3245.1. Blighted areas constitute public danger.—It is hereby found and declared that blighted areas exist in the Commonwealth, and these areas impair economic values and tax revenues, and endanger the health, safety, morals and welfare of the citizens because commercial, residential and industrial structures are subject to dilapidation, deterioration, inadequate ventilation, and inadequate public utilities. Local governments should encourage private investment in development project areas in order to enhance the real estate tax base of such areas and to eliminate blighted conditions. It is essential to the public interest that governing bodies have authority to finance development project costs by using real estate tax increments to encourage private investment in development project areas.

§ 58.1-3245.2. Tax increment financing.—A. The governing body of any county, city or town may adopt tax increment financing by passing an ordinance designating a development project area and providing that real estate taxes in the development project area shall be assessed, collected and allocated in the following manner for so long as any obligations secured by the Tax Increment Financing Fund, hereinafter authorized, are

1 *outstanding and unpaid:*

2 1. *The local assessing officer shall record in the land book both the base assessed*
3 *value and the current assessed value of the real estate in the development project area.*

4 2. *Real estate taxes attributable to the lower of the current assessed value or base*
5 *assessed value of real estate located in a development project area shall be allocated by*
6 *the treasurer or director of finance pursuant to the provisions of Chapter 32 of Title 58.1*
7 *(§ 58.1-3200 et seq.) of this Code.*

8 3. *Real estate taxes attributable to the increased value between the current assessed*
9 *value of any parcel of real estate and the base assessed value of such real estate shall be*
10 *allocated by the treasurer or director of finance and paid into a special fund entitled the*
11 *"Tax Increment Financing Fund" to pay the principal and interest on bonds, loans or*
12 *other debts incurred to finance the development project area costs.*

13 B. *The governing body shall hold a public hearing on the need for tax increment*
14 *financing in the county, city or town prior to adopting a tax increment financing*
15 *ordinance. Notice of the public hearing shall be published once each week for three*
16 *consecutive weeks immediately preceding the public hearing in each newspaper of general*
17 *circulation in such county, city or town. The notice shall include the time, place and*
18 *purpose of the public hearing, define tax increment financing, indicate the proposed*
19 *boundaries of the development project area, and propose obligations to be issued to*
20 *finance the development project area costs.*

21 § 58.1-3245.3. *Copies of tax increment financing ordinance to local assessing officer and*
22 *treasurer or director of finance.—The governing body shall transmit to the local assessing*
23 *officer and treasurer or director of finance a copy of the tax increment financing*
24 *ordinance, a description of all real estate located within the development project area, a*
25 *map indicating the boundaries of the development project area and the manner of*
26 *collecting and allocating real estate taxes pursuant to this article.*

7 § 58.1-3245.4. *Issuance of obligations for project costs.—Any county, city or town which*
8 *adopts tax increment financing may issue obligations secured by the Tax Increment*
9 *Financing Fund established in § 58.1-3245.2 to finance the development project area costs.*
10 *All obligations issued pursuant to this section shall be subject to the requirements and*
11 *limitations of the Public Finance Act (Chapter 5, § 15.1-170 et seq., of Title 15.1) and the*
12 *charter provisions of each county, city or town. The ordinance authorizing the issuance of*
13 *obligations may pledge all or any part of the funds deposited in the Tax Increment*
14 *Financing Fund for the payment of the development project area costs and obligations.*
15 *Any revenues in the Tax Increment Financing Fund which are not pledged as security for*
16 *the obligations issued shall be deemed "surplus funds." At the end of the tax year, all*
17 *surplus funds shall be paid into the general fund of the county, city or town in which the*
18 *development project area is located.*

19 A *county, city or town may also pledge any part or combination of the following*
20 *revenues for a period not to exceed the term of the obligations:*

- 21 1. *Net revenues of all or part of any development project;*
- 22 2. *All real estate and tangible personal property taxes;*
- 23 3. *The full faith and credit of the locality;*
- 24 4. *Any other taxes or anticipated revenues that the county, city or town may lawfully*
25 *pledge.*

26 § 58.1-3245.5. *Dissolving the Tax Increment Financing Fund.—The governing body shall*
27 *pass an ordinance to dissolve the Tax Increment Financing Fund, and to terminate the*
28 *existence of a development project area, upon the payment of all development projects*
29 *costs and other debts related to development project areas. When the Tax Increment*
30 *Financing Fund is dissolved, any revenue remaining in the Fund after payment of all*
31 *debts shall be paid into the general fund of the county, city or town.*

32 Upon *dissolving the Tax Increment Financing Fund, the real estate shall be assessed*
33 *and taxes collected in the same manner as applicable in the year preceding the adoption*
34 *of the tax increment financing ordinance, and pursuant to Chapter 32 of Title 58.1 of this*

1 *Code.*
 2
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25
 26
 27
 28
 29
 30
 31
 32
 33
 34
 35
 36
 37
 38
 39
 40
 41
 42
 43
 44
 45
 46
 47
 48
 49
 50
 51
 52
 53
 54

Official Use By Clerks	
Passed By	Passed By The Senate
The House of Delegates	
without amendment <input type="checkbox"/>	without amendment <input type="checkbox"/>
with amendment <input type="checkbox"/>	with amendment <input type="checkbox"/>
substitute <input type="checkbox"/>	substitute <input type="checkbox"/>
substitute w/amdt <input type="checkbox"/>	substitute w/amdt <input type="checkbox"/>
Date: _____	Date: _____
Clerk of the House of Delegates	Clerk of the Senate

APPENDIX IV
1988 SESSION

LD1011452

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54

HOUSE BILL NO. 239

Offered January 18, 1988

A *BILL to amend and reenact § 2.1-548.10 of the Code of Virginia, relating to the Industrial Development Services Advisory Board.*

Patrons—Diamonstein, Hall, Callahan and Harris, E. R.; Senators: Schewel, Macfarlane and Cross

Referred to the Committee on Rules

Be it enacted by the General Assembly of Virginia:

1. That § 2.1-548.10 of the Code of Virginia is amended and reenacted as follows:

§ 2.1-548.10. Industrial Development Services Advisory Board.—A. The Industrial Development Services Advisory Board, hereinafter referred to in this article as the Board, shall consist of ~~twenty~~ *twenty-one* members appointed by the Governor. There shall be at least one member from each congressional district. The members of the Board shall serve four-year terms. No member shall serve more than two successive full terms. ~~The nine additional members appointed to the Board pursuant to an amendment to this section by the 1987 General Assembly shall initially be appointed to staggered terms as follows: three members for terms of two years; three members for terms of three years; and three members for terms of four years; subsequent appointments shall be for terms of four years. At least one member shall be an economic development professional.~~ The appointments to membership on the Board shall be subject to the confirmation by the General Assembly if in session, and if not, then at the next succeeding session. Vacancies on the Board shall be filled for the unexpired term, subject to confirmation as original appointees. The Director shall serve on the Board in an ex officio capacity.

B. The Governor shall appoint the Chairman and the Board shall elect its vice-chairman. Members of the Board shall receive no compensation for their services but shall receive reimbursement for actual expenses. The Board shall meet at least biannually, at the call of the Chairman, Director, Secretary of Economic Development or Governor and at the request of the majority of the Board members.

Official Use By Clerks	
Passed By	
The House of Delegates	Passed By The Senate
without amendment <input type="checkbox"/>	without amendment <input type="checkbox"/>
with amendment <input type="checkbox"/>	with amendment <input type="checkbox"/>
substitute <input type="checkbox"/>	substitute <input type="checkbox"/>
substitute w/amdt <input type="checkbox"/>	substitute w/amdt <input type="checkbox"/>
Date: _____	Date: _____
_____	_____
Clerk of the House of Delegates	Clerk of the Senate

1988 SESSION

LD4060452

HOUSE JOINT RESOLUTION NO. 21

Offered January 18, 1988

Requesting the continuation of the joint subcommittee studying economic development.

Patrons—Diamonstein, Callahan, Hall and Harris, E. R.; Senators: Schewel, Macfarlane and Cross

Referred to the Committee on Rules

WHEREAS, pursuant to House Joint Resolution No. 132 of the 1986 Session of the General Assembly a joint subcommittee was established to study economic development in the Commonwealth; and

WHEREAS, the joint subcommittee has made considerable progress during the course of the study; and

WHEREAS, in House Document No. 42 (1987) the joint subcommittee issued its interim report to the Governor and the General Assembly; and

WHEREAS, the joint subcommittee will submit its findings, recommendations and legislative proposals to the 1988 Session of the General Assembly in a report; and

WHEREAS, due to the complexity of several of the issues relating to the financing and establishment of projects and programs to enhance economic development in the Commonwealth which remain under study of the joint subcommittee; and

WHEREAS, the joint subcommittee determined that the financial issues demanded additional study and consideration; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the joint subcommittee studying economic development is continued. The joint subcommittee shall conclude its evaluation of economic development in the Commonwealth. The membership of the joint subcommittee will remain the same including the three ex officio members that have been appointed by the chairman of the subcommittee. Any vacancy will be filled in the same manner as the original appointment. The joint subcommittee shall complete its work and submit its recommendations, if any, to the 1989 Session of the General Assembly.

The indirect costs of this study are estimated to be \$13,465; the direct costs of this study shall not exceed \$12,600.

Official Use By Clerks

Agreed to By		Agreed to By The Senate	
The House of Delegates			
without amendment <input type="checkbox"/>		without amendment <input type="checkbox"/>	
with amendment <input type="checkbox"/>		with amendment <input type="checkbox"/>	
substitute <input type="checkbox"/>		substitute <input type="checkbox"/>	
substitute w/amdt <input type="checkbox"/>		substitute w/amdt <input type="checkbox"/>	

Date: _____

Date: _____

Clerk of the House of Delegates

Clerk of the Senate

STATE-CHARTERED VENTURE CAPITAL FUNDS

STATE	NAME	YEAR	FUNDING SOURCES	GOVERNING OVERSIGHT
ALASKA	Resources Corporation Wayne Littleton, (907) 279-5602	1978	State appropriation of \$40M from permanent fund.	Three member board appointed by governor.
ARKANSAS	Science & Technology Authority Jim Benham, (501) 371-3554	1985	\$1.8M from investment fund of Authority.	Guidelines not set.
CONNECTICUT	Product Development Corp., Burton Jonap, (203) 566-2920	1972	\$17M in state appro- priations, may become self-sustaining.	Non-profit, directors appointed by governor.
FLORIDA	High Technology In- novation Research & Dev. Fund. House Appropriations, (904) 488-6204	1985	\$1.6M from general revenue.	Board: treasurer, comptroller, and 7 members of private sector appointed by governor.
ILLINOIS	Illinois Venture Fund Frontenac Venture Co. Rodney Goldstein, (312) 368-0047	1984	\$2M state appropriation. \$5M from Frontenac, and \$5M from other institutional investors.	Private firm, Frontenac, responsible for invest- ments.
INDIANA	Corporation for Innovation Development Marion C. Dietrich, (317) 635-7325	1981	No appropriation. State provided 30% tax credit; investors providing \$10M capitalization.	Private, for profit. Board composed of private individuals.

STATE	NAME	YEAR	FUNDING SOURCES	GOVERNING OVERSIGHT
INDIANA	Corporation for Science and Technology John Hague, (317) 635-3058	1982	\$20M state appropriation from general fund every two years.	Private, non-profit. Board composed of individuals from public & private sector.
IOWA	Product Development Corp., Doug Getter, (515) 281-3925	1983	\$1.2M in state funds; also, lottery will provide more capital.	Board selected by governor and confirmed by Senate.
IOWA	Venture Capital Fund, L.P. InvestAmerica Venture Group. David Schroder, (319) 363-8249	1983	State provided leadership to start fund capitalized by private individuals and corporations. Funding nearing \$1.2M.	Limited partnership. Managed by private firm, InvestAmerica.
KANSAS	Venture Capital, Inc. Development Credit Corp. George Doak, (913) 235-3437	1978	Owned by Kansas Development Credit Corp. & banks. Capitalized at \$1M.	Private, for-profit SBIC. Enables operation to borrow \$3M from SBA.
LOUISIANA	Small Business Equity Corp. Jean Armstrong, (504) 342-5361	1980	\$2M state appropriation in 1982.	Board appointed by governor.
MAINE	Capital Corporation David Coit, (207) 772-1001	1980	State provided 50% tax credit to investors. \$1M original capitalization.	Private, for-profit SBIC. Additional capital available from SBA.
MARYLAND	Equity Participation Investment. Stanley Tucker, (301) 659-4270	1985	Appropriation from existing fund. Additional funding expected in January 1986.	Maryland Small Business Development Financing Authority, no formal guidelines yet.

STATE	NAME	YEAR	FUNDING SOURCES	GOVERNING OVERSIGHT
MASSACHUSETTS	Community Development Finance Corp. Judith Cranna, (617) 742-0366	1980	Investments made from \$10M fund provided by state.	Non-profit, independently operated. Board consists of three government officers and six appointees of governor.
MASSACHUSETTS	Technology Development Corp. John Hodgman, (617) 723-4920	1979	\$4M from state, plus initial funding from U.S. Economic Development Administration.	Board consists of government officials, two academic sector, six from private. All appointed by governor.
NEW MEXICO	Business Development Corp. Keith Dotson, (505) 843-6517	1985	State Appropriation of \$2M as well as \$5M credit capacity with state & financial institutions.	Private, for-profit.
NEW MEXICO	Energy, Research & Development Institute Larry Icerman, (505) 827-5886	1981	\$3.5M per year from state funds. Royalty program to reduce need for further appropriations.	State agency.
NEW YORK	Corporation for Innovation Development Program, Science & Technology Foundation Barbara Murphy, (518) 474-4349	1982	\$4.2M in state and federal funds. Foundation program of over \$20M annually for incubators, advanced tech centers, venture capital, etc.	Decision made by Foundation Board of Directors, composed of commissioners of health, education & commerce and private sector individuals.
OHIO	Thomas Alva Edison Program. Chris Coburn, (614) 466-3086	1983	State appropriation of \$34.8M for Edison program including R&D capital.	Dept. of Development. Advice also provided by Industrial Technology & Enterprise Advisory Board, a bipartisan, independent body.

STATE	NAME	YEAR	FUNDING SOURCES	GOVERNING OVERSIGHT
OREGON	Resource & Technology Development Corp. Joseph Cortright, (503) 378-8811	1985	\$10M state appropriation from state lottery.	Non-profit, public corporation. Board represented by governor and 10 directors chosen by him from various sectors.
PENNSYLVANIA	Ben Franklin Partnership Seed Capital Fund Program. Roger Tellefsen, (717) 787-4147	1983	\$3M set aside from \$190M industrial revenue bond financial program.	Four regional privately-managed funds.
UTAH	Technology Finance Corp. Grant Cannon, (801) 583-8832	1983	\$3.2M program revenue base. Approx. \$1M for venture capital program.	Board appointed by governor. Venture Capital Program operated independently by Utah Technology Venture Fund I.
WISCONSIN	Community Capital, Inc. Wisconsin Community Development Finance Authority. Louis Fortis, (608) 266-0590	1982	\$250,000 in state approp. \$2.6M from private sector (\$2.5M from contributions, \$100,000 attracted through 75% state tax credit.)	Community Capital created by Authority, but independent operation. Work together in assistance programs. Capital's board of directors elected by shareholders.
WYOMING	Industrial Development Corp. Larry McDonald, (307) 234-5351	1979	\$1M initial capital. Also many institutional stockholders.	Investment decisions made by privately-managed board. Created Capital Corporation, a private SBIC (funding available from SBA).

STATE-CHARTERED VENTURE CAPITAL FUNDS

STATE	TARGETS	INVESTMENT TYPES	ACTIVITY
AK	Rehabilitation & enhancement of renewable resources & tourism industry.	49% equity in firm, also some debt and grants.	Most of appropriation committed, operation phase-out by 1988.
AR	Technology-based companies in idea or early stages.	Seed capital.	Not yet in operation.
CT	Innovative products, defense companies wishing to diversify.	Product investment with royalty agreement.	Over 60 products, \$14.2 M.
FL	R&D activities of new and existing small, high-tech firms.	Equity agreements.	Not yet in operation.
IL	Prefers technology-based startups.	Equity in form of common stock or convertible securities.	No projects completed.
IN	Technically-oriented, growth firms at various stages.	Equity or equity-type Investments with CID taking significant management role.	12 projects, \$4.5M.

--NCSL State Legislative Report--

STATE	TARGETS	INVESTMENT TYPES	ACTIVITY
IN	Technology-based research leading to products that will enhance Indiana economy.	R&D contract capital, some grants.	46 projects, \$24M.
IA	New innovative product development that will enhance Iowa job creation.	Product investment with royalty agreement; prudent investor deals only.	7 projects, \$995,000.
IA	Start-ups, later stage. First 18 mos. all investments in Iowa. After that, up to 1/3 capital can be invested out of state.	Equity agreements, significant management role sought.	Formally announced in August 1985.
KS	Start-ups and a variety of Kansas firms.	Debt, debt with equity options, and straight equity.	Limited equity activity.
LA	Small growth firms and minority-owned businesses.	Lend via intermediaries (SBICs, MESBICs, & CDCs) on matching basis, which then finance firms through equity and debt.	2 projects, \$275,000, only limited equity activity.
ME	Developing, new companies, or mature, leveraged buyouts. No specific industry target.	Equity and equity-type financing; role sought on firms' board of directors.	9 projects, \$950,000.
MD	Minority (race and sex) franchise businesses.	Temporary equity & start-up capital.	Operational in Oct. 1985.

STATE	TARGETS	INVESTMENT TYPES	ACTIVITY
MA	Viable small businesses sponsored by community development corporations.	Equity, usually shared with CDCs, as well as some debt.	32 projects, \$8.5M.
MA	Early-stage, technology-based firms.	Combination of equity & debt. All investments on co-venture basis.	2 projects, \$6.1M.
NM	Early-stage firms, start-ups on limited basis.	Collateralized debt; equity also available.	No projects completed.
NM	Innovators in energy-related services and products.	R&D seed capital on 2% royalty basis.	16 projects, \$2.7M.
NY	Foster innovative, technology-based, new ventures that will stimulate state economy.	Debt, equity, or both. 3:1 private match. Technical assistance also given.	23 projects, \$2.25M.
OH	Cooperative R&D projects directed at innovative products/processes.	R&D capital with royalty agreement as well as some grants.	39 deals, \$4.2M.

STATE	TARGETS	INVESTMENT TYPES	ACTIVITY
OR	Innovation in existing industry & development of new industries.	Seed capital, as well as some grants; legislation broad in this manner. R&D grants, technical information clearinghouse.	Not yet in operation.
PA	New businesses during earliest stages including firms in small business incubators.	Equity financing, look for private match.	1 project, \$400,000.
UT	New & emerging technology-based companies.	Equity position; some management role sought.	No projects completed.
WI	Firms connected with community development corporations. Create jobs for chronically unemployed.	Equity and debt.	2 projects, \$125,000.
WY	Diversified manufacturing firms with growth potential and viable management team.	Equity and debt.	About 25% of over \$12.7M committed to venture capital.