

**REPORT OF THE
JOINT SUBCOMMITTEE STUDYING**

**Economic Incentives to
Promote the Growth and
Competitiveness of Virginia's
Shipbuilding Industry**

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



SENATE DOCUMENT NO. 29

**COMMONWEALTH OF VIRGINIA
RICHMOND
2002**

MEMBERS OF THE JOINT SUBCOMMITTEE

Senator Thomas K. Norment, Jr., *chairman*
Delegate Leo C. Wardrup, Jr., *vice-chairman*
Senator Frank W. Wagner
Senator Martin E. Williams
Delegate Johnny S. Joannou
Delegate Harry R. Purkey
Delegate Melanie L. Rapp
Mr. Thomas W. Godfrey
Mr. John L. Roper IV
Mr. Robert S. Walker
Mr. William Welch
Mr. Gary Brandt, *ad hoc*

STAFF

Division of Legislative Services
Mark J. Vucci, *Senior Staff Attorney*
John A. Garka, *Section Manager*

Office of the Clerk of the Senate
Mr. John McE. Garrett, *Deputy Clerk*

Report of the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry

I. INTRODUCTION AND BACKGROUND.

Recognizing the complexity of the issues afflicting the economic health of Virginia's shipbuilding industry and the importance of the industry to Virginia's economy, the 2001 Session of the General Assembly, through the passage of Senate Joint Resolution No. 351 (SJR 351, see Appendix A), continued the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry. The subcommittee was first convened by the 1998 Session of the General Assembly and has been studying Virginia's shipbuilding industry since that time. As expected, SJR 351 directed the joint subcommittee to study several issues that had already been under consideration at the close of 2000, some of which were also the focus of prior joint subcommittees (See Senate Documents No. 32 (1999); No. 51, (2000); No. 37 (2001)). In particular, the study panel was charged to study:

- the Commonwealth's regulation of tributyltin (TBT);
- the establishment of a state commission to promote and provide marketing assistance to the shipbuilding industry;
- the Commonwealth's tax structure and its impact on the shipyard industry; and
- the use of grant programs to encourage capital investments by shipyards.

II. JOINT SUBCOMMITTEE ACTIVITIES.

Since its creation in 1998 through November 2001, the joint subcommittee has examined a number of complex issues that relate to economic activity at Virginia's shipyards. A few major issues, however, have dominated the work of the joint subcommittee over this period. The major issues considered have been:

- the level of tax benefits or other economic incentives that would be an effective tool in ensuring the continued health of the Commonwealth's maritime industries;
- the economic condition of Virginia's shipbuilding and ship repair firms, and reasons for the declining levels of employment in the industry;
- the Commonwealth's regulation of tributyltin (TBT);
- dual state and federal jurisdiction over workers' compensation insurance for shipyard workers;

- the establishment of a state commission to promote and provide marketing assistance to shipyard industries; and
- the establishment and implementation of an apprenticeship program to enhance the skills of shipyard workers.

The joint subcommittee met three times in 2001. Immediately following are the issues examined by the joint subcommittee.

Commonwealth's Regulation of TBT

TBT is a toxic compound found in paints used on the hulls of commercial ships and other vessels. It is toxic to marine organisms even in very small concentrations. One way that TBT is discharged into Virginia's waters is when a ship is in dry dock and repairs are made to its hull. Before maintenance and repairs can be made to the hull of a commercial ship, the hull must be washed down to remove salt, slime, and the top layer of paint. It is the removal of this top layer of paint that causes TBT to be discharged into Virginia's waters. TBT is also discharged into the water from ships simply traveling through Virginia's waters.

Virginia began to regulate TBT in 1988 when the State Water Control Board adopted a Water Quality Standard for TBT of 1 part per trillion (ppt). The Standard has been approved by the federal Environmental Protection Agency (EPA). As a result, this Standard cannot be changed under Virginia law without the concurrence of EPA.

Virginia's Water Quality Standard for TBT is more stringent than the standard supported by EPA (10 ppt). It is more stringent because TBT has an adverse impact on certain marine organisms very common to the waters of the Commonwealth. The Virginia Institute of Marine Science (VIMS) conducted a study identifying several organisms residing in the waters of the Commonwealth that are severely impacted by TBT. (As an example, hard-shell clams are endangered by TBT.) Only South Carolina and California have a Water Quality Standard for TBT comparable to that of Virginia.

The permits issued to Virginia's shipyards contain requirements for meeting Virginia's standard for TBT. Between 1988 and 1993, these requirements were in the form of Best Management Practices. The Best Management Practices were a series of required steps and procedures that shipyards were to adhere to when handling TBT. These required steps and procedures were included in shipyards' permits in the effort to meet the 1 ppt water quality standard for TBT. These Best Management Practices, however, were not numerical effluent limitations.

Beginning in 1994, EPA required Virginia to include in the permits issued to shipyards a numerical effluent limitation of 50 ppt for TBT. This discharge limitation replaced the Best Management Practices.

To develop a technology for purposes of complying with state TBT regulations, Newport News Shipbuilding, Norfolk Shipbuilding & Drydock Corporation (Norshipco), and Colonna's Shipyard, Inc. established the Center for Advanced Ship Repair and Maintenance (CASRM). CASRM was formed to develop a commercially feasible process that can be used by Virginia's shipyard companies to remove TBT from shipyard wastewaters, in accordance with Virginia's numerical effluent limitation of 50 ppt for TBT. EPA, the Commonwealth, and Virginia's shipyard companies each have contributed significant sums in support of CASRM's TBT research and development.

CASRM has made some progress in developing a technology to remove TBT from shipyard wastewaters. Between December 1999 and April 2001, CASRM treated over 2,200,000 gallons of shipyard wastewaters. In doing so, it developed a water treatment process, which can remove 99.9% of all TBT in shipyard wastewaters. As a result, in many cases CASRM's water treatment process has removed enough TBT such that the treated water has TBT levels below the 50 ppt discharge limitation. However, CASRM has acknowledged that it cannot consistently meet the 50 ppt standard using its current technology. This same technology has also been shown to remove several other pollutants from Virginia's waters.

The issue has been raised as to whether CASRM has sufficient funding to complete its TBT research and development. CASRM has indicated that it is possible it would receive an additional \$900,000 from EPA. CASRM has also indicated to the joint subcommittee that it is seeking \$500,000 in grants from the Commonwealth.

Many shipyard businesses are operating under compliance orders that require them to comply with state TBT regulations by the end of 2002. At this juncture, it is unclear whether CASRM can develop the technology to consistently meet state TBT regulations within this timeframe. The Department of Environmental Quality testified that, based upon current water quality information, it is unlikely that EPA will approve a reduction to Virginia's Water Quality Standard or numerical effluent limitation for TBT.

Representatives of VIMS testified that over the last few years water samples have been collected from eighteen different sites in the Elizabeth River and Hampton Roads. The samples were collected to determine the level of TBT in Virginia's waters.

The samples disclosed that at all testing sites located in the Elizabeth River, TBT levels exceeded Virginia's 1 ppt Water Quality Standard. At testing sites located at marina locations, however, the samples disclosed that TBT levels have declined.

These representatives concluded that (i) TBT in the Elizabeth River does not appear to be decreasing and (ii) Virginia's Standard for TBT adopted in 1988 has helped to reduce TBT levels at marina locations.

Apprenticeship Program for Shipyard Workers

In 2001, the General Assembly passed legislation creating an apprenticeship program for shipyard workers at Tidewater Community College (Chapter 656; 2001). An Associate in Applied Science Degree will be conferred upon persons successfully completing the program. The primary objective of the program is to provide on-the-job and classroom training and education for current shipyard workers. As many shipyard employees lack the advanced skills necessary for career growth in the industry, an apprenticeship program could foster the building of such skills, which should increase career advancement opportunities.

Shipyard representatives have stated that the industry is plagued by employee turnover. It is their belief that persons completing the apprenticeship program will be well positioned for a rewarding career in Virginia's shipyards. This should help the industry retain valuable and experienced workers.

The apprenticeship program was not funded in 2001. The joint subcommittee heard a proposal from staff that would provide funding for the program. The proposal calls for general fund appropriations of \$68,380 in Fiscal Year 2003 and \$126,760 in Fiscal Year 2004. These funding levels would support 30 students in Fiscal Year 2003 and 60 students in Fiscal Year 2004. All general funds appropriated would be expended on scholarships to shipyard workers enrolled in the apprenticeship program. Scholarship recipients must meet certain academic performance standards to retain their scholarships and are required to work in Virginia's shipyards upon graduation (See Code of Virginia § 23-220.01). The joint subcommittee unanimously voted to respectfully request the Governor to include this initiative in his 2002-2004 biennial budget.

The joint subcommittee also heard from representatives of Tidewater Community College. The college is eagerly awaiting its first class of shipyard workers. In addition, the college is focusing its efforts on assisting the shipyard industry to recruit new shipyard workers and to retain current workers.

The college was recently awarded a large grant from the Department of Labor. Part of the grant money can be used to provide customized course work for shipyard workers.

With additional funding from the Commonwealth, the college could hire more faculty to help market the apprenticeship program and thereby assist the industry in recruiting and retaining valuable and experienced employees. Additional funding is also needed to modernize the college's machine lab.

Marketing and Promoting Virginia's Shipyard Businesses

The joint subcommittee was apprised of the tremendous growth in the usage of Virginia's ports. In 1982, 2.2 million tons of general cargo (clothes, shoes, etc.) flowed through Virginia's ports. In 2001, approximately 12.4 million tons of general cargo flowed through Virginia's ports.

The primary responsibility of the Virginia Port Authority is to market Virginia's ports to increase port business. It has employees all over the world acting to fulfill this responsibility. The Port Authority assured the subcommittee that it will continue to work with Virginia's shipyard businesses to promote and market use of Virginia's shipbuilding and ship repair companies as part of its general marketing of Virginia's ports.

Private industry also plays a role in marketing and promoting Virginia's shipyard businesses. As an example, the Hampton Roads Maritime Association and the South Tidewater Association of Ship Repairers, both nonprofit corporations, recently partnered to form a Ship Repair Committee to promote and market Virginia's shipyard businesses.

Finally, the subcommittee heard testimony that improvements will be made to Norfolk's piers to enable cruise ships to use these piers as an original point of departure. It is believed that this permanent presence will lead to more business for Virginia's shipyard companies.

Legislative Recommendations for the 2002 Session of the General Assembly

At its final meeting in November, the joint subcommittee reflected upon the issues it examined throughout the year and made the following legislative recommendations for the 2002 Session of General Assembly:

1. The study of Virginia's shipbuilding industry should continue in 2002. Industry representatives stated that further study was needed to explore and to develop recommendations in regard to issues afflicting the industry. (See Appendix B for legislative resolutions introduced during the 2002 Session of the General Assembly continuing the joint subcommittee).
2. A budget amendment should be introduced to provide funding in an amount of \$500,000 to the Center for Advanced Ship Repair and Maintenance (CASRM). CASRM is a § 501 (c) (3) organization that has been retained to develop a water treatment process that can lead to compliance with Virginia's Water Quality Standard for TBT. In 1999, the Commonwealth contributed \$500,000 to CASRM to support its efforts in developing a water treatment process for TBT. (See Appendix C for the relevant budget amendment introduced during the 2002 Session of the General Assembly).

3. SB 831 (2001) should be re-introduced in the 2002 Session of the General Assembly. SB 831 would establish a program providing grants to shipyards making capital investments. Capital investments are investments in real or personal property that are capitalized and generally result in an increase in productivity or efficiency. Under the program, a minimum capital investment of \$50,000 is required for grant eligibility. In general, the amount of the grant equals 10% of the cost of the capital investment. The program contains limitations on the maximum amount of grants that may be received by an individual shipyard company and the maximum amount of grants that may be outstanding at any one time. The intent of the program is to provide financial incentives for shipyard companies to invest in infrastructure and new technology. (See Appendix D for legislation introduced during the 2002 Session of the General Assembly).

4. A budget amendment should be introduced to fund scholarships for shipyard workers attending an apprenticeship program at Tidewater Community College. HB 2121, passed by the 2001 Session of the General Assembly and signed by the Governor, established an apprenticeship program for Virginia shipyard workers. The program is a three-year program consisting of classroom study and on-the-job training for shipyard workers. A degree will be conferred on persons successfully completing the program.

The intent of the program is to increase the skill levels of shipyard workers, which will result in a better-trained workforce and should help to decrease the employee turnover currently plaguing the industry.

HB 2121 also created a fund, subject to appropriation, from which shipyard workers could receive scholarships. (See Appendix E for the respective budget amendment introduced during the 2002 Session of the General Assembly).

5. Finally, legislation should be introduced that changes the date by which shipyards must comply with Virginia's Water Quality Standard of 1 ppt for TBT. Currently, December 31, 2002 is the required date of compliance. The joint subcommittee recommended that the compliance date be changed to 2008, to coincide with the effective date of international treaties banning the use of TBT. In the interim, the Commonwealth and the shipyard industry should continue to make a good faith effort to develop a water treatment process that ultimately will result in compliance with Virginia's Standard for TBT. (See Appendix F for legislation introduced during the 2002 Session of the General Assembly).

Respectfully submitted,

Senator Thomas K. Norment, Jr., *chairman*
Delegate Leo C. Wardrup, Jr., *vice-chairman*
Senator Frank W. Wagner
Senator Martin E. Williams
Delegate Johnny S. Joannou
Delegate Harry R. Purkey
Delegate Melanie L. Rapp
Mr. Thomas W. Godfrey
Mr. John L. Roper IV
Mr. Robert S. Walker
Mr. William Welch
Mr. Gary Brandt, ad hoc

Appendix A

[summary](#) | [pdf](#)

SENATE JOINT RESOLUTION NO. 351

Continuing the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry.

Agreed to by the Senate, February 22, 2001

Agreed to by the House of Delegates, February 21, 2001

WHEREAS, Senate Joint Resolution No. 171 (1998) established the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry; and

WHEREAS, the joint subcommittee was directed to examine, among other things, whether, and at what level, tax benefits or other economic incentives would be an effective tool in ensuring the continued health of Virginia's maritime industries; and

WHEREAS, the joint subcommittee in its first year examined information on a wide variety of topics including the economic condition of Virginia's shipbuilding and ship repair firms, and reasons for the declining levels of employment in the industry; and

WHEREAS, Senate Joint Resolution No. 436 (1999) continued the joint subcommittee for a second year; and

WHEREAS, the joint subcommittee in its second year recommended legislation providing for investment performance grants to certain eligible ship repair companies; and

WHEREAS, Senate Joint Resolution No. 177 (2000) continued the joint subcommittee for a third year; and

WHEREAS, the joint subcommittee in its third year recommended legislation providing for investment performance grants to certain eligible ship repair companies, funding for the implementation and administration of an apprenticeship program to enhance the skills of shipyard workers, and funding for the development of a coordinated and centralized marketing program to market the competitive advantages of Virginia's ports and shipyards; and

WHEREAS, due to the continuing complexity of the issues, the joint subcommittee has not been able to complete its study of all issues it was authorized to study under Senate Joint Resolution No. 171 (1998), Senate Joint Resolution No. 436 (1999), and Senate Joint Resolution No. 177 (2000), and all possible strategies to allow the industry to overcome the market conditions and governmental procurement policies that are responsible for much of the industry's problems; and

WHEREAS, the continuing study by the joint subcommittee is vital to gain a complete understanding of what must be accomplished to ensure that Virginia and its shipbuilding and ship repair businesses maintain their position as a leader in shipbuilding and related industries; and

WHEREAS, the continuing study by the joint subcommittee of issues having an adverse impact on the economic health of Virginia's shipbuilding industry is vital to the long-term economic health of the shipbuilding industry; and

WHEREAS, the members agree that the joint subcommittee should be continued for one more year; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry be continued. In its fourth year, the joint subcommittee shall continue to examine, in addition to such other issues as it deems advisable, (i) state regulation of tributyltin (TBT), (ii) establishing a state commission to promote and provide marketing assistance to the industry, (iii) the Commonwealth's tax structure and its impact on the shipyard industry, and (iv) incentive grants for capital investments by shipyards. The joint subcommittee shall be composed of 16 members, which shall include 10 legislative members, four nonlegislative citizen members and two ex officio members as follows: four members of the Senate, to be appointed by the Senate Committee on Privileges and Elections; six members of the House of Delegates, to be appointed by the Speaker of the House, in accordance with the principles of proportional representation contained in the Rules of the House of Delegates; one citizen representing the shipbuilding industry and one citizen familiar with the operations of the Norfolk Navy Shipyard, to be appointed by the Senate Committee on Privileges and Elections; and one citizen representing the shipping industry and one citizen recommended by the Board of Commissioners of the Virginia Port Authority, to be appointed by the Speaker of the House; and the Secretary of Commerce and Trade or his designee and the Tax Commissioner or his designee to serve ex officio, with full voting privileges.

The Division of Legislative Services shall continue to provide staff support for the study.

All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The direct costs of this study shall not exceed \$14,500.

The joint subcommittee shall complete its work in time to submit its written findings and recommendations by November 30, 2001, to the Governor and the 2002 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

Legislative Information System

Appendix B

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HOUSE JOINT RESOLUTION NO. 69

Offered January 9, 2002

Prefiled January 8, 2002

Continuing the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry.

Patrons—Wardrup, Councill, Drake, Gear, Hamilton, Joannou, Jones, J.C., Jones, S.C., McDonnell, Melvin, Oder, Purkey, Rapp, Sears, Spruill, Suit, Tata and Welch; Senators: Blevins, Lucas, Maxwell, Norment, Quayle, Rerras, Stolle, Wagner and Williams

Referred to Committee on Rules

WHEREAS, Senate Joint Resolution 171 (1998) established the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry; and

WHEREAS, the joint subcommittee was directed to examine, among other things, whether, and at what level, tax benefits or other economic incentives would be an effective tool in ensuring the continued health of Virginia's maritime industries; and

WHEREAS, the joint subcommittee in its first year examined information on a wide variety of topics including the economic condition of Virginia's shipbuilding and ship repair firms, and reasons for the declining levels of employment in the industry; and

WHEREAS, Senate Joint Resolution 436 (1999) continued the joint subcommittee for a second year; and

WHEREAS, the joint subcommittee in its second year recommended legislation providing for investment performance grants to certain eligible ship repair companies; and

WHEREAS, Senate Joint Resolution 177 (2000) continued the joint subcommittee for a third year; and

WHEREAS, the joint subcommittee in its third year recommended legislation providing for investment performance grants to certain eligible ship repair companies, funding for the implementation and administration of an apprenticeship program to enhance the skills of shipyard workers, and funding for the development of a coordinated and centralized marketing program to market the competitive advantages of Virginia's ports and shipyards; and

WHEREAS, Senate Joint Resolution 351 (2001) continued the joint subcommittee for a fourth year; and

WHEREAS, the joint subcommittee in 2002 will recommended legislation establishing a program providing grants to shipyards making capital investments and changing the date by which shipyards must comply with Virginia's Water Quality Standard for tributyltin (TBT); and

WHEREAS, due to the continuing complexity of the issues, the joint subcommittee has not been able to complete its study of all issues it was authorized to study under Senate Joint Resolution 171 (1998), Senate Joint Resolution 436 (1999), Senate Joint Resolution 177 (2000), and Senate Joint Resolution 351 (2001) and all possible strategies to allow the industry to overcome the market conditions and governmental procurement policies that are responsible for much of the industry's problems; and

WHEREAS, the continuing study by the joint subcommittee is vital to gain a complete understanding of what must be accomplished to ensure that Virginia, and its shipbuilding and ship repair businesses, maintains its position as a leader in shipbuilding and related industries; and

WHEREAS, the continuing study by the joint subcommittee of issues having an adverse impact on the economic health of Virginia's shipbuilding industry is vital to the long-term economic health of the shipbuilding industry; and

WHEREAS, the members agree that the joint subcommittee should be continued for one more year; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry be continued. In its fifth year, the joint subcommittee shall continue to examine, in addition

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52 to such other issues as it deems advisable, (i) development of a water treatment process that
 53 consistently meets Virginia's 50 parts per trillion TBT discharge standard, (ii) additional methods for
 54 providing better training to and reducing turnover among shipyard workers, and (iii) promotion of
 55 Norfolk's piers as an original point of departure for cruise ships as a means of developing new
 56 business for Virginia's shipyard companies. The joint subcommittee shall be composed of 16
 57 members, which shall include 10 legislative members, four nonlegislative members and two ex officio
 58 members as follows: six members of the House of Delegates, to be appointed by the Speaker of the
 59 House, in accordance with the principles of proportional representation contained in the Rules of the
 60 House of Delegates; four members of the Senate, to be appointed by the Senate Committee on
 61 Privileges and Elections; one nonlegislative member representing the shipping industry and one
 62 nonlegislative member recommended by the Board of Commissioners of the Virginia Port Authority,
 63 to be appointed by the Speaker of the House; one nonlegislative member representing the shipbuilding
 64 industry and one nonlegislative member familiar with the operations of the Norfolk Navy Shipyard, to
 65 be appointed by the Senate Committee on Privileges and Elections; and the Secretary of Commerce
 66 and Trade or his designee and the Tax Commissioner or his designee to serve ex officio, with full
 67 voting privileges.

68 The direct costs of this study shall not exceed \$16,000.

69 The Division of Legislative Services shall continue to provide staff support for the study.

70 All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon
 71 request.

72 The joint subcommittee shall complete its work by November 30, 2002, and shall submit its
 73 written findings and recommendations to the Governor and the 2003 Session of the General Assembly
 74 as provided in the procedures of the Division of Legislative Automated Systems for the processing of
 75 legislative documents.

76 Implementation of this resolution is subject to subsequent approval and certification by the Joint
 77 Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of
 78 the study.

Official Use By Clerks			
Agreed to By		Agreed to By The Senate	
The House of Delegates		with amendment	<input type="checkbox"/>
with amendment	<input type="checkbox"/>	substitute	<input type="checkbox"/>
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Date: _____		Date: _____	
_____		_____	
Clerk of the House of Delegates		Clerk of the Senate	

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SENATE JOINT RESOLUTION NO. 91

Offered January 9, 2002

Prefiled January 9, 2002

Continuing the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry.

Patrons—Norment, Rerras and Williams; Delegates: Joannou, Purkey, Rapp and Wardrup

Referred to Committee on Rules

WHEREAS, Senate Joint Resolution 171 (1998) established the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry; and

WHEREAS, the joint subcommittee was directed to examine, among other things, whether, and at what level, tax benefits or other economic incentives would be an effective tool in ensuring the continued health of Virginia's maritime industries; and

WHEREAS, the joint subcommittee in its first year examined information on a wide variety of topics including the economic condition of Virginia's shipbuilding and ship repair firms, and reasons for the declining levels of employment in the industry; and

WHEREAS, Senate Joint Resolution 436 (1999) continued the joint subcommittee for a second year; and

WHEREAS, the joint subcommittee in its second year recommended legislation providing for investment performance grants to certain eligible ship repair companies; and

WHEREAS, Senate Joint Resolution 177 (2000) continued the joint subcommittee for a third year; and

WHEREAS, the joint subcommittee in its third year recommended legislation providing for investment performance grants to certain eligible ship repair companies, funding for the implementation and administration of an apprenticeship program to enhance the skills of shipyard workers, and funding for the development of a coordinated and centralized marketing program to market the competitive advantages of Virginia's ports and shipyards; and

WHEREAS, Senate Joint Resolution 351 (2001) continued the joint subcommittee for a fourth year; and

WHEREAS, the joint subcommittee in 2002 will recommended legislation establishing a program providing grants to shipyards making capital investments and changing the date by which shipyards must comply with Virginia's Water Quality Standard for tributyltin (TBT); and

WHEREAS, due to the continuing complexity of the issues, the joint subcommittee has not been able to complete its study of all issues it was authorized to study under Senate Joint Resolution 171 (1998), Senate Joint Resolution 436 (1999), Senate Joint Resolution 177 (2000), and Senate Joint Resolution 351 (2001) and all possible strategies to allow the industry to overcome the market conditions and governmental procurement policies that are responsible for much of the industry's problems; and

WHEREAS, the continuing study by the joint subcommittee is vital to gain a complete understanding of what must be accomplished to ensure that Virginia, and its shipbuilding and ship repair businesses, maintains its position as a leader in shipbuilding and related industries; and

WHEREAS, the continuing study by the joint subcommittee of issues having an adverse impact on the economic health of Virginia's shipbuilding industry is vital to the long-term economic health of the shipbuilding industry; and

WHEREAS, the members agree that the joint subcommittee should be continued for one more year; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry be continued. In its fifth year, the joint subcommittee shall continue to examine, in addition to such other issues as it deems advisable, (i) development of a water treatment process that consistently meets Virginia's 50 parts per trillion TBT discharge standard, (ii) additional methods for

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54 providing better training to and reducing turnover among shipyard workers, and (iii) promotion of
 55 Norfolk's piers as an original point of departure for cruise ships as a means of developing new
 56 business for Virginia's shipyard companies. The joint subcommittee shall be composed of 16
 57 members, which shall include 10 legislative members, four nonlegislative members and two ex officio
 58 members as follows: six members of the Senate, to be appointed by the Senate Committee on
 59 Privileges and Elections; and four members of the House of Delegates, to be appointed by the
 60 Speaker of the House, in accordance with the principles of proportional representation contained in the
 61 Rules of the House of Delegates; one nonlegislative member representing the shipbuilding industry
 62 and one nonlegislative member familiar with the operations of the Norfolk Navy Shipyard, to be
 63 appointed by the Senate Committee on Privileges and Elections; one nonlegislative member
 64 representing the shipping industry and one nonlegislative member recommended by the Board of
 65 Commissioners of the Virginia Port Authority, to be appointed by the Speaker of the House; and the
 66 Secretary of Commerce and Trade or his designee and the Tax Commissioner or his designee to serve
 67 ex officio, with full voting privileges.

68 The direct costs of this study shall not exceed \$16,000.

69 The Division of Legislative Services shall continue to provide staff support for the study.

70 All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon
 71 request.

72 The joint subcommittee shall complete its work by November 30, 2002, and shall submit its
 73 written findings and recommendations to the Governor and the 2003 Session of the General Assembly
 74 as provided in the procedures of the Division of Legislative Automated Systems for the processing of
 75 legislative documents.

76 Implementation of this resolution is subject to subsequent approval and certification by the Joint
 77 Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of
 78 the study.

Official Use By Clerks	
<p>Agreed to By The Senate</p> <p>with amendment <input type="checkbox"/></p> <p>substitute <input type="checkbox"/></p> <p>substitute w/amdt <input type="checkbox"/></p>	<p>Agreed to By The House of Delegates</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 Senate	_____ Clerk of the House of Delegates

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Appendix C

Chief Patron: Wardrup

Item 386 #6h

Natural Resources	FY 02-03	FY 03-04	
Department Of Environmental Quality	\$500,000	\$0	GF

Language:

Page 295, line 43, strike "\$39,273,424" and insert "\$39,773,424".

Page 296, after line 20, insert:

"D. Included in these amounts is \$500,000 the first year from the general fund that shall be provided to the Center for Advanced Ship Repair and Maintenance to complete the research needed for a pilot treatment process to meet the discharge requirements for tributyltin. The Center for Advanced Ship Repair and Maintenance shall provide a status report through the Department of Environmental Quality to the Secretary of Natural Resources and to the Chairmen of the Senate Finance and House Appropriations Committees on a quarterly basis until the end of the project."

Explanation:

(This amendment provides funding to complete a demonstration project to treat tributyltin in accordance with state standards.)

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Appendix D

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HOUSE BILL NO. 388

Offered January 9, 2002

Prefiled January 8, 2002

A BILL to amend the Code of Virginia by adding in Title 2.2 a chapter numbered 51.1, consisting of sections numbered 2.2-5110 through 2.2-5114, relating to providing grants to ship repair companies for making capital investments.

Patrons—Wardrup, Councill, Drake, Gear, Hamilton, Joannou, Jones, J.C., Jones, S.C., McDonnell, Melvin, Oder, Purkey, Rapp, Sears, Spruill, Suit, Tata and Welch; Senators: Blevins, Lucas, Maxwell, Miller, Y.B., Norment, Quayle, Rerras, Stolle, Wagner and Williams

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 2.2 a chapter numbered 51.1, consisting of sections numbered 2.2-5110 through 2.2-5114 as follows:

CHAPTER 51.1.

VIRGINIA MARITIME INVESTMENT ACT.

§ 2.2-5110. Short title.

This chapter shall be known and may be cited as the "Virginia Maritime Investment Act."

§ 2.2-5111. Definitions.

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

"Average shipyard worker wage" means that amount determined by the Virginia Employment Commission to be the average wage paid shipyard workers in a locality or region of the Commonwealth.

"Capital investment" means an investment transaction of at least \$50,000 in real property, personal property, or both, at a ship repair facility, located within the Commonwealth and owned by or used by an existing ship repair company, that is capitalized by such company and that increases the productivity of such company, or results in the utilization of a more advanced technology by such company than is in use immediately prior to such investment, or both. In order to qualify as a capital investment, an investment in technology shall result in a measurable increase in capacity or productivity, a measurable decrease in the production of flawed product, or both. In general, expenditures for maintenance or replacement or repair of existing machinery, tools or real property shall not constitute a capital investment; however, expenditures for the replacement of property shall not be ineligible for designation as a capital investment if such replacement results in a measurable increase in productivity.

"Eligible ship repair company" means an existing ship repair company that makes a capital investment on or after July 1, 2002, which investment does not result in any net reduction in employment within one year after the capital investment has been completed and verified. Any ship repair company participating in any other production grant program in the Commonwealth shall not be an eligible ship repair company.

"Existing ship repair company" means a ship repair company that (i) has a legal presence and actually repairs ships continuously within the Commonwealth for at least five years prior to completion and verification of the capital investment that makes it an eligible ship repair company; and (ii) owns or operates a ship repair establishment as defined in the Standard Industrial Classification Manual and any supplements or replacements issued thereto, or which derives at least sixty percent of its gross revenues from either repair work on ships or from subcontracts with ship repair companies. For purposes of this definition, the acquisition, merger, or change in legal form of an existing ship repair company into a different entity shall not invalidate eligibility to receive a grant under this chapter.

"Flawed product" means an irregular unit of goods that cannot be sold to an end user.

"Fund" means the Virginia Maritime Investment Partnership Grant Fund.

"Grant" means an investment performance grant.

"Net present value of benefits to Virginia" means the present value of the amount by which (i) the

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2/4/02 13:46

52 anticipated additional state tax revenue expected to accrue to the Commonwealth as a result of the
 53 capital investment and new jobs created, over a period following the completion of the capital
 54 investment not to exceed twenty years, exceeds (ii) the value of all incentives provided by the
 55 Commonwealth, including any grant under this chapter, for such capital investment during that
 56 period.

57 "New job" means employment of an indefinite duration at the eligible ship repair company,
 58 created as the direct result of the eligible ship repair company's capital investment, for which the
 59 standard fringe benefits are paid by the firm for the employee, requiring a minimum of either (i)
 60 thirty-five hours of an employee's time per week for the entire normal year of the firm's operations,
 61 which "normal year" must consist of at least forty-eight weeks, or (ii) 1,680 hours per year. Seasonal
 62 or temporary positions, positions created when a job function is shifted from an existing location in
 63 this Commonwealth to the location of the eligible ship repair company, and positions with
 64 contractors, suppliers, and similar multiplier or spin-off jobs shall not qualify as new jobs under this
 65 chapter.

66 "Partnership" means the Virginia Economic Development Partnership.

67 "Productivity" means the number of hours of labor required to produce a unit of goods.

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

69 § 2.2-5112. Virginia Investment Performance Grants.

70 A. Subject to the appropriation by the General Assembly of sufficient moneys to the Fund, any
 71 eligible ship repair company shall be eligible for a grant as provided in this section for making or
 72 undertaking capital investments.

73 B. The Secretary shall establish an application process by which eligible ship repair companies
 74 may apply for a grant under this section. Application for such grant shall not be approved until the
 75 Partnership has verified that the capital investment has been completed. Upon verifying that the
 76 capital investment has been completed, the Partnership shall provide written notice of the same to the
 77 Secretary.

78 C. The Secretary, based on recommendations of the Partnership, shall determine whether or not
 79 an eligible ship repair company shall receive a grant under this section. This determination shall be
 80 based on the application of guidelines that establish criteria for the awarding of a grant. Subject to
 81 the limitations on the amount of grants that may be paid as provided in this chapter, when a grant is
 82 awarded by the Secretary the grant shall be in an amount equal to ten percent of the cost of the
 83 capital investment.

84 D. The Partnership shall assist the Secretary in developing objective guidelines that shall be used
 85 in awarding grants. No grant shall be awarded until the Secretary has provided copies of such
 86 guidelines for review to the chairmen of the House Committee on Appropriations and Senate
 87 Committee on Finance. The preparation of the guidelines shall be exempt from the provisions of the
 88 Administrative Process Act (§ 2.2-4000 et seq.). The guidelines shall define a "measurable increase in
 89 capacity or productivity" and a "measurable decrease in the production of flawed product" as such
 90 phrases apply to or define a capital investment in technology. Additionally, the guidelines shall
 91 require the Secretary to consider the following criteria in determining whether or not to award a
 92 grant:

93 1. The number of new jobs created by the capital investment;

94 2. The wages paid for the new jobs and the amount by which wages exceed the average shipyard
 95 worker wage for the locality or region;

96 3. The extent to which the capital investment produces (a) measurable increases in capacity,
 97 productivity, or both, or (b) measurable decreases in the production of flawed product;

98 4. The amount of the capital investment;

99 5. The net present value of benefits to Virginia;

100 6. The amount of other incentives offered by the Commonwealth and the locality; and

101 7. The importance of the eligible ship repair company and industry to the economy of the locality
 102 or region.

103 The guidelines shall also address the eligibility of ship repair companies that make a capital
 104 investment in phases over a period of years, and limits on eligibility for multiple grants by the same
 105 eligible ship repair company within stated periods of time.

106 *E. The amount of a grant paid to any eligible ship repair company under this section shall not*
107 *exceed ten percent of the amount in the Fund in the year that the terms of a grant are determined.*
108 *The maximum amount of grants that may be paid to an eligible ship repair company pursuant to this*
109 *section shall not exceed a total of \$25 million.*

110 *F. The aggregate amount of grants approved by the Secretary pursuant to this section in any fiscal*
111 *year shall not exceed \$20 million, and the aggregate amount of grants outstanding, awarded pursuant*
112 *to this section, to all eligible ship repair companies for all years shall at no time exceed \$80 million.*
113 *The annual obligations of the Commonwealth to make grant payments to individual eligible ship*
114 *repair companies under this section shall not exceed \$750,000.*

115 *G. Any eligible ship repair company awarded a grant shall receive payment from the Fund in five*
116 *equal installments beginning in the second year after the capital investment is completed and the*
117 *Partnership has verified that the requirements applicable to such grant have been satisfied.*

118 *§ 2.2-5113. Requirements for grants generally.*

119 *A. Any eligible ship repair company applying for a grant under this chapter shall provide*
120 *evidence, satisfactory to the Secretary or the Partnership, of the amount of the capital investment, the*
121 *number of new jobs created as a result of the capital investment and such other evidence that the*
122 *requirements of this chapter have been satisfied. As a condition of receipt of a grant, an eligible ship*
123 *repair company whose application has been approved by the Secretary shall continue to comply with*
124 *the requirements for grant eligibility during the grant payment period. The Partnership shall verify*
125 *that the conditions for approval of any grant have been or are being satisfied.*

126 *B. The Secretary shall determine the grants to be awarded to eligible applicants by June 30 of*
127 *each year. Prior to any grant payment, the Secretary shall certify to the Comptroller and each*
128 *applicant the amount of the grant to which each applicant is entitled. Subject to the appropriation by*
129 *the General Assembly of sufficient moneys to the Fund, the payment of such grant shall be made from*
130 *the Fund by check issued by the State Treasurer on warrant of the Comptroller within sixty days of*
131 *such certification.*

132 *C. As a condition of receipt of a grant, an eligible ship repair company shall make available to*
133 *the Secretary or Partnership for inspection upon request all relevant and applicable documents to*
134 *determine whether the requirements for the receipt of grants as set forth in this chapter have been*
135 *satisfied. All such documents appropriately identified by the eligible ship repair company shall be*
136 *considered confidential and proprietary.*

137 *D. Within thirty days of each calendar quarter, the Secretary shall provide a report to the*
138 *chairmen of the House Committee on Appropriations and Senate Committee on Finance, which report*
139 *shall include, but is not limited to, the following information: the name of each eligible ship repair*
140 *company determined to be eligible for a grant; the locality of each ship repair facility of the eligible*
141 *ship repair company or the locality in which each eligible ship repair company operates; the amount*
142 *of each grant made or committed from the Fund; the number of new jobs created or projected to be*
143 *created; the amount of each eligible ship repair company's capital investment; and each timetable for*
144 *the completion of the capital investment and new jobs created.*

145 *E. The Secretary shall provide grants and commitments from the Fund in an amount not to exceed*
146 *the dollar amount contained in the Fund. If funds are committed for years beyond the fiscal years*
147 *covered under the existing appropriation act, the Comptroller shall set aside and reserve such funds*
148 *as have been committed, and such funds shall remain in the Fund for those future fiscal years. No*
149 *grant shall be payable in the years beyond the existing appropriation act unless such funds are*
150 *currently available in the Fund.*

151 *§ 2.2-5114. Virginia Maritime Investment Partnership Grant Fund.*

152 *A. There is hereby established in the state treasury a special nonreverting fund to be known as the*
153 *Virginia Maritime Investment Partnership Grant Fund. The Fund shall consist of such moneys as may*
154 *be appropriated by the General Assembly from time to time. Any moneys deposited to or remaining in*
155 *the Fund during or at the end of each fiscal year or biennium, including interest thereon, shall not*
156 *revert to the general fund but shall remain in the Fund and be available for allocation under this*
157 *chapter in ensuing fiscal years. Interest on all moneys in the Fund shall remain in the Fund and be*
158 *credited to it. The Fund shall be used solely for the payment of grants to eligible ship repair*
159 *companies pursuant to this chapter. The Secretary shall administer the Fund.*

160 *B. The Secretary shall allocate from the Fund moneys in the following order of priority for the*
 161 *payment of grants: (i) first to unpaid grant amounts carried forward from prior years because eligible*
 162 *ship repair companies did not receive the full amount of any grant awarded in a prior year and (ii)*
 163 *then to other approved applicants. If the moneys in the Fund are less than the amount of grants to*
 164 *which approved applicants in any class of priority are eligible based on a grant award, the moneys in*
 165 *the Fund shall be apportioned pro rata among approved applicants in such class, based upon the*
 166 *amount of the grant awarded to an approved applicant and the amount of money in the Fund*
 167 *available for allocation to such class.*

168 *C. If an eligible ship repair company is paid less than the full amount of a grant to which it is*
 169 *eligible in any fiscal year based on a grant award, such eligible ship repair company shall not be*
 170 *eligible for the deficiency in that fiscal year, but the unpaid portion of the grant to which it was*
 171 *eligible shall be carried forward by the Secretary to the following fiscal year, during which it shall be*
 172 *in the first class of priority as provided in clause (i) of subsection B.*

173 *D. Actions of the Secretary relating to the allocations and awarding of grants shall be exempt*
 174 *from the provisions of the Administrative Process Act pursuant to subdivision B. 4. of § 2.2-4002.*

175 #

Official Use By Clerks	
Passed By The House of Delegates with amendment <input type="checkbox"/> substitute <input type="checkbox"/> substitute w/amdt <input type="checkbox"/>	Passed By The Senate with amendment <input type="checkbox"/> substitute <input type="checkbox"/> substitute w/amdt <input type="checkbox"/>
Date: _____	Date: _____
_____ Clerk of the House of Delegates	_____ Clerk of the Senate

023017508

SENATE BILL NO. 13
Offered January 9, 2002
Prefiled December 13, 2001

A BILL to amend the Code of Virginia by adding in Title 2.2 a chapter numbered 51.1, consisting of sections numbered 2.2-5110 through 2.2-5114, relating to providing grants to ship repair companies for making capital investments.

Patrons—Norment and Rerras; Delegates: Oder and Rapp

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 2.2 a chapter numbered 51.1, consisting of sections numbered 2.2-5110 through 2.2-5114 as follows:

CHAPTER 51.1.

VIRGINIA MARITIME INVESTMENT ACT.

§ 2.2-5110. Short title.

This chapter shall be known and may be cited as the "Virginia Maritime Investment Act."

§ 2.2-5111. Definitions.

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

"Average shipyard worker wage" means that amount determined by the Virginia Employment Commission to be the average wage paid shipyard workers in a locality or region of the Commonwealth.

"Capital investment" means an investment transaction of at least \$50,000 in real property, personal property, or both, at a ship repair facility, located within the Commonwealth and owned by or used by an existing ship repair company, that is capitalized by such company and that increases the productivity of such company, or results in the utilization of a more advanced technology by such company than is in use immediately prior to such investment, or both. In order to qualify as a capital investment, an investment in technology shall result in a measurable increase in capacity or productivity, a measurable decrease in the production of flawed product, or both. In general, expenditures for maintenance or replacement or repair of existing machinery, tools or real property shall not constitute a capital investment; however, expenditures for the replacement of property shall not be ineligible for designation as a capital investment if such replacement results in a measurable increase in productivity.

"Eligible ship repair company" means an existing ship repair company that makes a capital investment on or after July 1, 2002, which investment does not result in any net reduction in employment within one year after the capital investment has been completed and verified. Any ship repair company participating in any other production grant program in the Commonwealth shall not be an eligible ship repair company.

"Existing ship repair company" means a ship repair company that (i) has a legal presence and actually repairs ships continuously within the Commonwealth for at least five years prior to completion and verification of the capital investment that makes it an eligible ship repair company; and (ii) owns or operates a ship repair establishment as defined in the Standard Industrial Classification Manual and any supplements or replacements issued thereto, or which derives at least sixty percent of its gross revenues from either repair work on ships or from subcontracts with ship repair companies. For purposes of this definition, the acquisition, merger, or change in legal form of an existing ship repair company into a different entity shall not invalidate eligibility to receive a grant under this chapter.

"Flawed product" means an irregular unit of goods that cannot be sold to an end user.

"Fund" means the Virginia Maritime Investment Partnership Grant Fund.

"Grant" means an investment performance grant.

"Net present value of benefits to Virginia" means the present value of the amount by which (i) the anticipated additional state tax revenue expected to accrue to the Commonwealth as a result of the capital investment and new jobs created, over a period following the completion of the capital

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1/25/02 11:27

54 investment not to exceed twenty years, exceeds (ii) the value of all incentives provided by the
 55 Commonwealth, including any grant under this chapter, for such capital investment during that
 56 period.

57 "New job" means employment of an indefinite duration at the eligible ship repair company,
 58 created as the direct result of the eligible ship repair company's capital investment, for which the
 59 standard fringe benefits are paid by the firm for the employee, requiring a minimum of either (i)
 60 thirty-five hours of an employee's time per week for the entire normal year of the firm's operations,
 61 which "normal year" must consist of at least forty-eight weeks, or (ii) 1,680 hours per year. Seasonal
 62 or temporary positions, positions created when a job function is shifted from an existing location in
 63 this Commonwealth to the location of the eligible ship repair company, and positions with
 64 contractors, suppliers, and similar multiplier or spin-off jobs shall not qualify as new jobs under this
 65 chapter.

66 "Partnership" means the Virginia Economic Development Partnership.

67 "Productivity" means the number of hours of labor required to produce a unit of goods.

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

69 § 2.2-5112. Virginia Investment Performance Grants.

70 A. Subject to the appropriation by the General Assembly of sufficient moneys to the Fund, any
 71 eligible ship repair company shall be eligible for a grant as provided in this section for making or
 72 undertaking capital investments.

73 B. The Secretary shall establish an application process by which eligible ship repair companies
 74 may apply for a grant under this section. Application for such grant shall not be approved until the
 75 Partnership has verified that the capital investment has been completed. Upon verifying that the
 76 capital investment has been completed, the Partnership shall provide written notice of the same to the
 77 Secretary.

78 C. The Secretary, based on recommendations of the Partnership, shall determine whether or not
 79 an eligible ship repair company shall receive a grant under this section. This determination shall be
 80 based on the application of guidelines that establish criteria for the awarding of a grant. Subject to
 81 the limitations on the amount of grants that may be paid as provided in this chapter, when a grant is
 82 awarded by the Secretary the grant shall be in an amount equal to ten percent of the cost of the
 83 capital investment.

84 D. The Partnership shall assist the Secretary in developing objective guidelines that shall be used
 85 in awarding grants. No grant shall be awarded until the Secretary has provided copies of such
 86 guidelines for review to the chairmen of the House Committee on Appropriations and Senate
 87 Committee on Finance. The preparation of the guidelines shall be exempt from the provisions of the
 88 Administrative Process Act (§ 2.2-4000 et seq.). The guidelines shall define a "measurable increase in
 89 capacity or productivity" and a "measurable decrease in the production of flawed product" as such
 90 phrases apply to or define a capital investment in technology. Additionally, the guidelines shall
 91 require the Secretary to consider the following criteria in determining whether or not to award a
 92 grant:

93 1. The number of new jobs created by the capital investment;

94 2. The wages paid for the new jobs and the amount by which wages exceed the average shipyard
 95 worker wage for the locality or region;

96 3. The extent to which the capital investment produces (a) measurable increases in capacity,
 97 productivity, or both, or (b) measurable decreases in the production of flawed product;

98 4. The amount of the capital investment;

99 5. The net present value of benefits to Virginia;

100 6. The amount of other incentives offered by the Commonwealth and the locality; and

101 7. The importance of the eligible ship repair company and industry to the economy of the locality
 102 or region.

103 The guidelines shall also address the eligibility of ship repair companies that make a capital
 104 investment in phases over a period of years, and limits on eligibility for multiple grants by the same
 105 eligible ship repair company within stated periods of time.

106 E. The amount of a grant paid to any eligible ship repair company under this section shall not
 107 exceed ten percent of the amount in the Fund in the year that the terms of a grant are determined.

108 *The maximum amount of grants that may be paid to an eligible ship repair company pursuant to this*
109 *section shall not exceed a total of \$25 million.*

110 *F. The aggregate amount of grants approved by the Secretary pursuant to this section in any fiscal*
111 *year shall not exceed \$20 million, and the aggregate amount of grants outstanding, awarded pursuant*
112 *to this section, to all eligible ship repair companies for all years shall at no time exceed \$80 million.*
113 *The annual obligations of the Commonwealth to make grant payments to individual eligible ship*
114 *repair companies under this section shall not exceed \$750,000.*

115 *G. Any eligible ship repair company awarded a grant shall receive payment from the Fund in five*
116 *equal installments beginning in the second year after the capital investment is completed and the*
117 *Partnership has verified that the requirements applicable to such grant have been satisfied.*

118 *§ 2.2-5113. Requirements for grants generally.*

119 *A. Any eligible ship repair company applying for a grant under this chapter shall provide*
120 *evidence, satisfactory to the Secretary or the Partnership, of the amount of the capital investment, the*
121 *number of new jobs created as a result of the capital investment and such other evidence that the*
122 *requirements of this chapter have been satisfied. As a condition of receipt of a grant, an eligible ship*
123 *repair company whose application has been approved by the Secretary shall continue to comply with*
124 *the requirements for grant eligibility during the grant payment period. The Partnership shall verify*
125 *that the conditions for approval of any grant have been or are being satisfied.*

126 *B. The Secretary shall determine the grants to be awarded to eligible applicants by June 30 of*
127 *each year. Prior to any grant payment, the Secretary shall certify to the Comptroller and each*
128 *applicant the amount of the grant to which each applicant is entitled. Subject to the appropriation by*
129 *the General Assembly of sufficient moneys to the Fund, the payment of such grant shall be made from*
130 *the Fund by check issued by the State Treasurer on warrant of the Comptroller within sixty days of*
131 *such certification.*

132 *C. As a condition of receipt of a grant, an eligible ship repair company shall make available to*
133 *the Secretary or Partnership for inspection upon request all relevant and applicable documents to*
134 *determine whether the requirements for the receipt of grants as set forth in this chapter have been*
135 *satisfied. All such documents appropriately identified by the eligible ship repair company shall be*
136 *considered confidential and proprietary.*

137 *D. Within thirty days of each calendar quarter, the Secretary shall provide a report to the*
138 *chairmen of the House Committee on Appropriations and Senate Committee on Finance, which report*
139 *shall include, but is not limited to, the following information: the name of each eligible ship repair*
140 *company determined to be eligible for a grant; the locality of each ship repair facility of the eligible*
141 *ship repair company or the locality in which each eligible ship repair company operates; the amount*
142 *of each grant made or committed from the Fund; the number of new jobs created or projected to be*
143 *created; the amount of each eligible ship repair company's capital investment; and each timetable for*
144 *the completion of the capital investment and new jobs created.*

145 *E. The Secretary shall provide grants and commitments from the Fund in an amount not to exceed*
146 *the dollar amount contained in the Fund. If funds are committed for years beyond the fiscal years*
147 *covered under the existing appropriation act, the Comptroller shall set aside and reserve such funds*
148 *as have been committed, and such funds shall remain in the Fund for those future fiscal years. No*
149 *grant shall be payable in the years beyond the existing appropriation act unless such funds are*
150 *currently available in the Fund.*

151 *§ 2.2-5114. Virginia Maritime Investment Partnership Grant Fund.*

152 *A. There is hereby established in the state treasury a special nonreverting fund to be known as the*
153 *Virginia Maritime Investment Partnership Grant Fund. The Fund shall consist of such moneys as may*
154 *be appropriated by the General Assembly from time to time. Any moneys deposited to or remaining in*
155 *the Fund during or at the end of each fiscal year or biennium, including interest thereon, shall not*
156 *revert to the general fund but shall remain in the Fund and be available for allocation under this*
157 *chapter in ensuing fiscal years. Interest on all moneys in the Fund shall remain in the Fund and be*
158 *credited to it. The Fund shall be used solely for the payment of grants to eligible ship repair*
159 *companies pursuant to this chapter. The Secretary shall administer the Fund.*

160 *B. The Secretary shall allocate from the Fund moneys in the following order of priority for the*
161 *payment of grants: (i) first to unpaid grant amounts carried forward from prior years because eligible*

162 ship repair companies did not receive the full amount of any grant awarded in a prior year and (ii)
 163 then to other approved applicants. If the moneys in the Fund are less than the amount of grants to
 164 which approved applicants in any class of priority are eligible based on a grant award, the moneys in
 165 the Fund shall be apportioned pro rata among approved applicants in such class, based upon the
 166 amount of the grant awarded to an approved applicant and the amount of money in the Fund
 167 available for allocation to such class.

168 C. If an eligible ship repair company is paid less than the full amount of a grant to which it is
 169 eligible in any fiscal year based on a grant award, such eligible ship repair company shall not be
 170 eligible for the deficiency in that fiscal year, but the unpaid portion of the grant to which it was
 171 eligible shall be carried forward by the Secretary to the following fiscal year, during which it shall be
 172 in the first class of priority as provided in clause (i) of subsection B.

173 D. Actions of the Secretary relating to the allocations and awarding of grants shall be exempt
 174 from the provisions of the Administrative Process Act pursuant to subdivision B. 4. of § 2.2-4002.

Official Use By Clerks			
<p style="text-align: center;">Passed By The Senate</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 House of Delegates</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 Senate	_____ Clerk of the House of Delegates		

Appendix E

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Chief Patron: Norment

[Item 116 #1s](#)

Commerce And Trade	FY 02-03	FY 03-04	
Department Of Labor And Industry	\$68,380	\$126,760	GF

Language:

Page 79, line 10, strike "\$665,672" and insert "\$734,052".

Page 79, line 10, strike "\$665,672" and insert "\$792,432".

Page 79, after line 14, insert:

"Out of this appropriation shall be expended an amount estimated at \$68,380 the first year and \$126,760 the second year from the general fund to support an apprenticeship program for Virginia's shipyard workers in conjunction with Tidewater Community College and in conformance with

§
23-220.01, Code of Virginia. The funds shall be used to provide scholarships to shipyard workers enrolled in the program."

Explanation:

(This amendment provides \$195,140 to support an apprenticeship program for Virginia's shipyard workers. The funding amount for the 68-credit hour program is based on an enrollment of 30 students in the first year and an additional 30 students in the second year. The amendment is based on a recommendation made by the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipyards.)

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Chief Patron: Wardrup

Item 232 #10h

Education: Higher Education

Virginia Community College System

FY 02-03

\$68,380

FY 03-04

\$126,760 GF

Language:

Page 179, line 37, strike "\$455,117,386" and insert "\$455,185,766".

Page 179, line 37, strike "\$459,805,951" and insert "\$459,932,711".

Page 183, after line 50, insert:

"U. This appropriation includes \$63,380 the first year and \$126,760 the second year from the general fund to support an apprenticeship program for Virginia's shipyard workers in conjunction with Tidewater Community College."

Explanation:

(This amendment is self-explanatory.)

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Appendix F

023031508

SENATE BILL NO. 147

Offered January 9, 2002

Prefiled January 8, 2002

A BILL providing for the State Water Control Board to establish schedules requiring compliance on and after January 1, 2008, with numerical effluent limitations for tributyltin included in permits issued by the Board and providing that the Board shall not assess any penalty, prior to January 1, 2008, relating to numerical effluent limitations for tributyltin.

Patron—Norment

Referred to Committee on Agriculture, Conservation and Natural Resources

Be it enacted by the General Assembly of Virginia:

1. § 1. Notwithstanding any permit or order issued by the State Water Control Board and to the extent consistent with federal law, the Board shall establish schedules requiring compliance on and after January 1, 2008, with numerical effluent limitations for tributyltin (TBT) included in any Virginia Pollution Discharge Elimination System Permit issued by the Board. Such compliance schedules shall be established by an order or a permit issued by the Board. The Board shall not assess any penalty prior to January 1, 2008, monetary or otherwise, relating to numerical effluent limitations for TBT. Any person or entity holding a permit with numerical effluent limitations for TBT shall, however, comply with all other permit conditions and applicable regulatory requirements and shall use the best available treatment and control technology to reduce the levels of TBT in his effluent.

2. That the Department of Environmental Quality shall require any person or entity issued a Virginia Pollution Discharge Elimination System Permit containing numerical effluent limitations for TBT to provide periodic reports on his progress to the department in developing reliable treatment technology for the removal of TBT from wastewater.

3. That for violations of any numerical effluent limitation for TBT included in a Virginia Pollution Discharge Elimination System Permit occurring on or after January 1, 2008, the Virginia Department of Environmental Quality shall assess all penalties and pursue all remedies available under law.

4. That the Virginia Department of Environmental Quality shall report by September 15 of 2004, 2006 and 2008 to the chairpersons of the Senate Committee on Agriculture, Conservation and Natural Resources and the House Committee on Agriculture and Natural Resources on the progress in developing a reliable treatment technology for the removal of TBT from wastewaters.

Official Use By Clerks

Passed By The Senate

- with amendment []
substitute []
substitute w/amdt []

Date: _____

Clerk of the Senate

Passed By

The House of Delegates

- with amendment []
substitute []
substitute w/amdt []

Date: _____

Clerk of the House of Delegates

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SB147

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023085972

HOUSE BILL NO. 389

Offered January 9, 2002

Prefiled January 8, 2002

A BILL providing for the State Water Control Board to establish schedules requiring compliance on and after January 1, 2008, with numerical effluent limitations for tributyltin included in permits issued by the Board and providing that the Board shall not assess any penalty, prior to January 1, 2008, relating to numerical effluent limitations for tributyltin.

Patrons—Wardrup, Drake, Gear, Hamilton, Joannou, McDonnell, Oder, Purkey, Rapp, Sears and Suit;
Senators: Blevins, Lucas, Maxwell, Norment, Stolle, Wagner and Williams

Referred to Committee on Agriculture, Chesapeake and Natural Resources

Be it enacted by the General Assembly of Virginia:

1. § 1. Notwithstanding any permit or order issued by the State Water Control Board and to the extent consistent with federal law, the Board shall establish schedules requiring compliance on and after January 1, 2008, with numerical effluent limitations for tributyltin (TBT) included in any Virginia Pollution Discharge Elimination System Permit issued by the Board. Such compliance schedules shall be established by an order or a permit issued by the Board. The Board shall not assess any penalty prior to January 1, 2008, monetary or otherwise, relating to numerical effluent limitations for TBT. Any person or entity holding a permit with numerical effluent limitations for TBT shall, however, comply with all other permit conditions and applicable regulatory requirements and shall use the best available treatment and control technology to reduce the levels of TBT in his effluent.

2. That the Department of Environmental Quality shall require any person or entity issued a Virginia Pollution Discharge Elimination System Permit containing numerical effluent limitations for TBT to provide periodic reports on his progress to the department in developing reliable treatment technology for the removal of TBT from wastewater.

3. That for violations of any numerical effluent limitation for TBT included in a Virginia Pollution Discharge Elimination System Permit occurring on or after January 1, 2008, the Virginia Department of Environmental Quality shall assess all penalties and pursue all remedies available under law.

4. That the Virginia Department of Environmental Quality shall report by September 15 of 2004, 2006 and 2008 to the chairpersons of the Senate Committee on Agriculture, Conservation and Natural Resources and the House Committee on Agriculture and Natural Resources on the progress in developing a reliable treatment technology for the removal of TBT from wastewaters.

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Official Use By Clerks

Passed By

The House of Delegates

with amendment
substitute
substitute w/amdt

Passed By The Senate

with amendment
substitute
substitute w/amdt

Date: _____

Date: _____

Clerk of the House of Delegates

Clerk of the Senate

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