

VIRGINIA PORT AUTHORITY
A component of the **PORT OF VIRGINIA ECONOMIC DEVELOPMENT PROGRAM**
ECONOMIC AND INFRASTRUCTURE DEVELOPMENT GRANT PROGRAM

EID POLICY

PREFACE The Virginia General Assembly, in July 2023, established the Economic and Infrastructure Development Grant Program, as a component of the Port of Virginia Economic Development Program and Fund in order to “*provide grant funding for those companies which locate or expand in the Commonwealth and ship cargo through The Port of Virginia (POV).*” For this reason, the Virginia Port Authority finds it necessary and in the public’s interest, and pursuant to its statutory responsibility, to establish a policy of procedures and requirements for the Economic and Infrastructure Development Grant Program which falls under the Port of Virginia Economic Development Program and Fund. This guiding standard shall be as follows:

I. DEFINITIONS

A. **Commencement date** – for the purpose of this grant, shall mean the following:

1. For a new *warehouse or manufacturing center* location, refer to the date the qualified company receives its first international container through the Port of Virginia facilities; evidenced by the bill of lading.
2. For an expanded *warehouse or manufacturing center*, refer to the date of the qualified company’s formal public announcement of said expansion.

B. **New, permanent full-time position** – means a job of an indefinite duration, created by a qualified company as a result of operations within the Commonwealth, requiring a minimum of 35 hours of an employee's time per week for the entire normal year of the company's operations, which normal year shall consist of at least 48 weeks, or a position of indefinite duration that requires a minimum of 35 hours of an employee's time per week for the portion of the taxable year in which the employee was initially hired for the qualified company's location within the Commonwealth.

1. Includes security positions as required within a foreign trade zone, established pursuant to the Foreign Trade Zones Act of 1934, as amended (19 U.S.C. §§ 81a through 81u).
2. Does not include:
 - a. Seasonal or temporary positions;
 - b. Jobs created when a position is shifted from an existing location in the Commonwealth to the qualified company's new or expanded location;
 - c. Positions in building and grounds maintenance; or
 - d. Other positions that are ancillary to the principal activities performed by the employees at the qualified company's location within the

Commonwealth.

C. Qualified company – means a corporation, limited liability company, partnership, joint venture, or other business entity that:

1. Locates or expands a facility within the Commonwealth;
2. Creates at least 25 new, permanent full-time positions for qualified full-time employees at a facility within the Commonwealth during its first year of operation or during the year when the expansion occurs;
3. Is involved in maritime commerce or exports or imports manufactured goods through The Port of Virginia;
4. Is engaged in the distribution, freight forwarding, freight handling, goods processing, manufacturing, warehousing, crossdocking, trans loading, or wholesaling of goods exported and imported through The Port of Virginia; ship building and ship repair; dredging; marine construction; or offshore energy exploration or extraction; and
5. Pays a minimum entry-level wage rate per hour of at least 1.2 times the federal minimum wage or the Virginia minimum wage, as required by the Virginia Minimum Wage Act (§ 40.1-28.8 et seq.), whichever is higher.
 - a. In areas that have an unemployment rate of one and one-half times the statewide average unemployment rate, the wage rate minimum may be waived by the Authority. Only full-time positions that qualify for benefits shall be eligible for assistance.

D. Qualified full-time employee – means an employee filling a new, permanent full-time position in the qualified company's location within the Commonwealth.

1. Does not include an employee:
 - a. For whom a tax credit was previously earned pursuant to § 58.1-439 or 58.1-439.12:06 by a related party as listed in § 267(b) of the Internal Revenue Code or by a trade or business under common control as defined in regulations issued pursuant to § 52(b) of the Internal Revenue Code;
 - b. Who was previously employed in the same job function at an existing location in the Commonwealth by a related party as listed in § 267(b) of the Internal Revenue Code; or
 - c. Whose job function was previously performed at a different location in the Commonwealth by an employee of a related party as listed in § 267(b) of the Internal Revenue Code or a trade or business under common control as defined in regulations issued pursuant to § 52(b) of the Internal Revenue Code.

- E. The Port of Virginia – for the purpose of this grant, means port facilities comprised of Norfolk International Terminals, Virginia International Gateway, Newport News Marine Terminal, Richmond Marine Terminal, and Virginia Inland Port.

II. ADMINISTRATION

The following outlines the eligibility, application, allocation, and distribution guidelines and procedures of the Economic and Infrastructure Development Grant Program:

A. Eligibility:

1. Applicants must meet the definition of a qualified company, as defined in Section I.
2. A qualified company is encouraged to have an ownership interest in the cargo at the time the port facilities are used; however, the qualified company must be involved in the process to move the cargo through The Port of Virginia and responsible for the hiring of the qualified full-time employees for the new, permanent full-time positions.
3. No qualified company shall apply for a grant, nor shall one be awarded under this section to an otherwise qualified company, if:
 - a. A credit pursuant to § 58.1-439 or 58.1-439.12:06 or a grant pursuant to §§ 62.1-132.3:2.3 is claimed for the same employees or for capital expenditures at the same facility by the qualified company, by a related party as listed in § 267(b) of the Internal Revenue Code, or by a trade or business under common control as defined in regulations issued pursuant to § 52(b) of the Internal Revenue Code; or
 - b. The qualified company was a party to a reorganization as defined in § 368(b) of the Internal Revenue Code, and any corporation involved in the reorganization as defined in § 368(a) of the Internal Revenue Code previously received a grant under this section for the same facility or operations.
4. No qualified company may apply, nor shall one be awarded multiple grants, utilizing the same cargo, employees, or capital investments.
5. For the qualified company to be eligible for funds, the Virginia Port Authority, in its sole discretion, must determine that the proposed company meets the prescribed requirements and will further the interests of the Commonwealth of Virginia.

B. Application:

1. The Virginia Port Authority will serve as the responsible agency for administering the Economic and Infrastructure Development Grant Program through the evaluation of applicants and disbursement of funds at its discretion.
2. An eligible qualified company **must pre-apply** to the Virginia Port Authority between September 1 and October 31st in the year preceding the general application period by submitting a pre-application form found on the Port of

Virginia webpage: portofvirginia.com.

3. Within 45 days of the close of the pre-application period, each pre-application form must be reviewed and scored by the Incentive Grant Review Committee (IGRC) consisting of:
 - a. Vice President of Growth, Virginia International Terminals
 - b. Vice President of Port Centric Logistics, Virginia Port Authority
 - c. Sales & Marketing Manager or Director, Virginia International Terminals
 - d. Incentive Grant Specialist, Virginia Port Authority, nonvoting member
4. The pre-application scoring is considered against the following criteria and description:
 - a. Infrastructure Investment - Grant applications from companies making substantial infrastructure investments in the Commonwealth, such as the development of new port-related facilities or upgrades to existing ones, will be prioritized for their potential to catalyze economic growth, enhance logistical capabilities, and improve the competitiveness of the Commonwealth's transportation network.
 - b. Job Creation - Grant applicants demonstrating the ability to create new, permanent, full time job opportunities within the port ecosystem will be prioritized for their contribution to long-term economic vitality and community welfare.
 - c. Anticipated Volume Increase - Grant applications from companies that show the largest absolute increase in cargo volumes will be prioritized for their substantial contribution to port activity and economic growth. Emphasis will be placed on the absolute magnitude of the volume increase, irrespective of percentage growth.
 - d. Ongoing Volumes - Grant applications from companies demonstrating consistent and sustained cargo volumes will be prioritized for their significant role in fostering continuous port activity and driving economic growth.
 - e. Letter of Recommendation¹ or State Incentive Package - When evaluating grant applicants, customers who receive a letter of recommendation from Virginia International Terminals or a State Incentive Package from a sister agency, will be prioritized for their demonstrated commitment to contribute to the economic growth of the Commonwealth and their efforts to increase international trade activities, bolster the resilience and competitiveness of the Port of Virginia, and solidify its status as a key economic gateway through increased cargo throughput. ¹The recommendation letters are given at

the sole discretion of a senior leadership, non-committee member of the Virginia International Terminals, in recognition of specific projects which strongly align with the above-mentioned goals of the program.

5. In any given year, IGRC will deploy metric aggregators to identify the baseline of the tiered scoring proportionately for each category based on that year's pool of applicant's information. Every application year, the data provided by the applicants will be queried and a new baseline will be established and recorded.
6. At the completion of the due diligence process, no later than December 31 of the pre-application year, an applicant will be notified of either pre-approval or renunciation.
 - a. Pre-approval means - the applicant/qualified company will be directed to complete the general application process when the program commences on January 1.
 - b. Renunciation means – the applicant/qualified company was not directed to complete the general application as a result of unfulfilling the program's anticipated qualifications.
 - c. Failure to complete a pre-application as mentioned above, results in an awarding disqualification of this program's funds for the year intended to apply.
 - d. Failure to submit a general application by the deadline forfeits opportunity to be eligible to receive an award.
7. The general application period begins January 1; or the year immediately following the location or expansion of a facility within the Commonwealth; or the calendar year of which eligibility has been established and pre-application. Submission of the general grant application shall be made **by March 31st**.
8. General application guidelines include:
 - a. Submission of a completed general application through the Cargo Verification Portal found on the Port of Virginia's webpage <http://tax.portofvirginia.com/> via an upload, or by email or standard mail to the address listed in the general application instructions;
 - b. Providing the portal verification of the qualified company's uploaded cargo details of eligible cargo volume moved through the Port of Virginia facilities during the first year of operation or the year the company expanded. The total TEUs listed on the validation summary will become a part of the application.
 - The minimum cargo amounts to be considered an importer/exporter are 10 TEUS or 75 non-containerized tons a year.

- If the company is involved in maritime commerce such as ship building and ship repair, dredging, marine construction, or offshore energy exploration and extraction, the applicant shall provide a statement of the impact the facility has on growth at The Port of Virginia in lieu of cargo verification.
- c. Providing quantity and affirmation of qualifying full-time employee information on Schedule A;
- d. Applicant signatures;
- e. An upload of the company's W-9; and
- f. Any additional identifying company information requested including, but not limited to:
 - Three years of historical financial statements covering the three years prior to the application, and three years of pro forma financial statements, covering the three years following the application;
 - If the qualified company has been in business less than three years, it may be asked to provide the historical financial statements that is available; or
 - Other satisfactory evidence of a qualified company's financial stability.
- 9. Submission of an executed application shall be a declaration that the applicant has met the definition of a qualified company, including the Virginia minimum wage requirement, as defined in Section I.

C. Allocation:

1. The Virginia Port Authority, in its sole discretion, may allocate the total amount requested to an applicant, any portion thereof, or may decline to allocate funds from this program.
2. Subject to appropriation, a qualified company that locates or expands a facility within the Commonwealth shall be eligible to apply for a one-time grant from the Fund, in an amount determined as follows:
 - a. If the qualified company creates at least 25 new, permanent full-time positions for qualified full-time employees during its first year of operation or during the year in which the expansion occurs, \$1,000 per new, permanent full-time position;
 - b. If the qualified company creates at least 50 new, permanent full-time positions for qualified full-time employees during its first year of operation or during the year in which the expansion occurs, \$1,500 per

new, permanent full-time position;

- c. If the qualified company creates at least 75 new, permanent full-time positions for qualified full-time employees during its first year of operation or during the year in which the expansion occurs, \$2,000 per new, permanent full-time position; and
 - d. If the qualified company creates at least 100 new, permanent full-time positions for qualified full-time employees during its first year of operation or during the year in which the expansion occurs, \$3,000 per new, permanent full-time position.
3. A qualified company that has previously received a grant in accordance with the requirements provided in this section shall only be eligible for consideration of a second grant from the Fund if the qualified company:
- a. Locates or expands an additional facility in a separate location, as determined by the Virginia Port Authority, within the Commonwealth;
 - b. Creates at least 300 new, permanent full-time positions at the additional facility over and above those agreed upon in the qualified company's original memorandum of understanding with the Virginia Port Authority, provided in subsection D; and
 - c. Increases cargo volumes through The Port of Virginia by at least five percent, not including any volume increase resulting from the original grant, from the additional facility.
4. If the qualified company satisfies the requirements provided in this subsection and receives a grant consistent with the requirements of this section, then the qualified company shall enter into another separate memorandum of understanding with the Virginia Port Authority as provided in subsection D.

D. Distribution

1. The Virginia Port Authority shall determine the grant amount allowable for the year and shall provide written notification to the awarded qualified company by June 1st.
2. If an applicant is selected for a grant award, the company shall be required to provide additional company records necessary to verify statements declared on the application including, but not limited to, copies of employer quarterly payroll reports, or other records to offer evidence of the new jobs.
3. If an applicant is selected for a grant award and prior to receipt of said grant award, the qualified company shall enter into a memorandum of understanding (MOU) with the Virginia Port Authority establishing the requirements for maintaining and reporting the number of new, permanent full-time positions for qualified employees at the qualified company's location within the Commonwealth.

- a. The awarded facility shall be subject to the terms prescribed within the MOU including the requirement to supply additional company records to verify statements declared on the application, such as:
 - A summary of the number of new, permanent full-time positions created and maintained at the facility, net of any baseline positions, and the average annual wage of such new positions
 - Any other documentation the company may offer to verify the minimum entry-level wage rate paid and the number of new, permanent full-time positions are maintained.
4. All information provided to the Virginia Port Authority shall remain confidential and used solely to confirm financial and employment claims.