

VIRGINIA PORT AUTHORITY
A component of the PORT OF VIRGINIA ECONOMIC DEVELOPMENT PROGRAM
INTERNATIONAL TRADE FACILITY GRANT PROGRAM

ITF POLICY

PREFACE The Virginia General Assembly, in July 2023, established the International Trade Facility Grant Program, as a component of the Port of Virginia Economic Development Program and Fund in order to “*provide grant funding for those international trade facilities, as defined below, that increases its qualified trade activities.*” 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 International Trade Facility Grant Program which falls under the Port of Virginia Economic Development Program and Fund. This guiding standard shall be as follows:

I. DEFINITIONS

- A. **Affiliated companies** – means two or more companies related to each other so that (i) one company owns at least 80 percent of the voting power of the other or others or (ii) the same interest owns at least 80 percent of the voting power of two or more companies.
- B. **Capital investment** – means the amount properly chargeable to a capital account for improvements to rehabilitate or expand depreciable real property placed in service during the taxable year and the cost of machinery, tools, and equipment used in an international trade facility directly related to the movement of cargo.
 - 1. Includes expenditures associated with any exterior, structural, mechanical, or electrical improvements necessary to expand or rehabilitate a building for commercial or industrial use and excavations, grading, paving, driveways, roads, sidewalks, landscaping, or other land improvements.
 - a. For purposes of this section, machinery, tools, and equipment shall be deemed to include only that property placed in service by the international trade facility on and after January 1, 2025.
 - b. Machinery, tools, and equipment excludes property (i) for which a credit under this section was previously granted; (ii) placed in service by the taxpayer, by a related party as defined in § 267(b) of the Internal Revenue Code, as amended, or by a trade or business under common control as defined in § 52(b) of the Internal Revenue Code, as amended; or (iii) previously in service in the Commonwealth that has a basis in the hands of the person acquiring it, determined in whole or in part by reference to the basis of such property in the hands of the person from whom acquired or § 1014(a) of the Internal Revenue Code, as amended.
 - 2. Does not include:
 - a. The cost of acquiring any real property or building;

- b. The cost of furnishings;
 - c. Any expenditure associated with appraisal, architectural, engineering, or interior design fees;
 - d. Loan fees, points, or capitalized interest;
 - e. Legal, accounting, realtor, sales and marketing, or other professional fees;
 - f. Closing costs, permit fees, user fees, zoning fees, impact fees, or inspection fees;
 - g. Bids, insurance, signage, utilities, bonding, copying, rent loss, or temporary facilities costs incurred during construction;
 - h. Utility hook-up or access fees;
 - i. Outbuildings; or
 - j. The cost of any well or septic system.
- C. Indexing ratio – means the greater of (i) the change in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics for the U.S. Department of Labor for the previous year, or (ii) zero.
- D. International trade facility – means a company that:
- 1. Is engaged in port-related activities, including, warehousing, distribution, freight forwarding and handling, and goods processing;
 - 2. Uses maritime port facilities located in the Commonwealth;
 - 3. Transports at least five percent (5%) more cargo through maritime port facilities in the Commonwealth during the calendar year than was transported by the company through such facilities during the preceding calendar year, where volumes will be measured from January 1 through December 31 of each calendar year; and
 - 4. 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.
- E. Maritime port facilities – is the port facility in the Commonwealth where the cargo is first loaded to or unloaded from a ship or barge.

- F. 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 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.
- G. 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.
- H. Qualified trade activities – means the completed exportation or importation of at least (i) one International Organization for Standardization ocean container with a minimum 20-foot length, (ii) 16 tons of non-containerized cargo, or (iii) one unit of roll-on/roll-off cargo through any publicly or privately owned cargo facility located within the Commonwealth through which cargo is transported.

1. Export cargo must be loaded on a barge or ocean-going vessel and import cargo must be discharged from a barge or ocean-going vessel at such facility.

II. ADMINISTRATION

The following outlines the eligibility, application, allocation, and distribution guidelines and procedures of the International Trade Facility Grant Program:

A. Eligibility:

1. Applicants must meet the definition of an international trade facility as defined in Section I of this program.
2. The eligible international trade facility must have an ownership interest in the cargo at the time the port facilities are used.
 - a. Ownership is determined by the terms of the contract between the two parties and is evidenced by the bill of lading.
3. No international trade facility shall apply for a grant, nor shall one be awarded under this section to an otherwise qualified international trade facility, if
 - a. A credit pursuant to § 58.1-439 or 58.1-439.12:06 or a grant pursuant to §§ 62.1-132.3:2.2 is claimed for the same employees or for capital expenditures at the same facility by the international trade facility, 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 international trade facility 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 eligible international trade facility may apply, nor shall one be awarded multiple grants, utilizing the same cargo, employees, or capital investments.
5. For the facility to be eligible for funds, the Virginia Port Authority, in its sole discretion, must determine that the proposed facility 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 International Trade Facility Grant Program through the evaluation of applicants and disbursement of funds at its discretion.
2. An eligible international trade facility 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 in 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. On-Going 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/facility will be directed to complete the general application process when the program commences on January 1.
 - b. Renunciation means – the applicant/facility 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 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 mail to the address listed in the general application instructions;
 - b. Providing the portal verification of the facility's uploaded cargo details of eligible cargo volume from the base year and the preceding calendar year. The total TEUs listed on the validation summary will become a part of the application. If cargo does not originate or terminate with the Port of Virginia port facilities, the applicant must utilize the corresponding Schedule A;
 - c. Providing quantity and affirmation of qualifying full-time employee information, if applicable, on Schedule B & C;

- d. Summarizing each qualifying capital investment, if applicable, on Schedule D;
 - e. Applicant signatures;
 - f. An upload of the facility's W-9; and
 - g. 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 international trade facility has been in business less than three years, it may be asked to provide the historical financial statements that is available;
 - Other satisfactory evidence of a facility's financial stability.
9. All information provided to the Virginia Port Authority shall remain confidential and used solely to confirm financial and employment claims.
10. The election of which grant award option to apply for shall be the applicant's responsibility, as both awards shall not be granted for the same activities that occur in a calendar year.
11. Submission of an executed application shall be a declaration that the applicant has met the definition of an international trade facility, 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, the amount of such grant shall be equal to either
 - a. \$3,500, adjusted each year by the indexing ratio, per qualified full-time employee that results from increased qualified trade activities by the applicant; **or**
 - b. An amount equal to two percent (2%) of the capital investment made by the applicant to facilitate the increased qualified trade activities.
 - The portion of such grant earned for any qualified full-time employee: if employment was less than 12 full months during the calendar year, the grant award shall be determined by multiplying the award amount by a fraction,

the numerator of which is the number of full months such employee worked for the international trade facility in the Commonwealth during the calendar year and the denominator of which is 12. See ITF application, Schedule C.

D. Distribution

1. The Virginia Port Authority shall determine the grant amount allowable for the year and shall provide written notification to the awarded international trade facility by June 1st.
2. If an applicant is selected for a grant award, the facility 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, documentation of the change in assessed value of the capital investments or other records to offer evidence of the new jobs and/or capital investment amounts.
3. If applicant is selected for a grant award and prior to receipt of said grant award, the international trade facility shall enter into a memorandum of understanding (MOU) with the Virginia Port Authority establishing the requirements for either a schedule of capital investment or maintaining and reporting the number of new, permanent full-time positions for qualified employees at the international trade facility'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:
 - As applicable:
 - 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
 - The amount of total capital investment and a summary breakdown of capital investment into categories of expenditures
 - Any other documentation the facility may offer to verify the minimum entry-level wage rate paid and the number of new, permanent full-time positions are maintained or details of the capital investments.
4. All information provided to the VPA shall remain confidential and used solely to confirm financial, employment, and capital investments claims, if applicable.