

# **VIRGINIA INCENTIVES**

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## MAJOR VIRGINIA INCENTIVES

- **Governor's Opportunity Fund**
- **Virginia Investment Partnership Act**
- **Performance-Based Grants**
- **Virginia Jobs Investment Program**
- **Road and Rail Access Programs**
- **Major Business Facilities Job Tax Credit**
- **Other Tax Credits and Exemptions**
- **Enterprise Zones**
- **Tobacco Region Opportunity Fund**

## GOVERNOR'S OPPORTUNITY FUND

- **Eligibility:** Jobs and capital investment by population and unemployment rates
- **Out-of-state competition for project**
- **Use:** Infrastructure development; training; construction or build-out of publicly or privately-owned buildings; site acquisition; training
- **Local match:** cash, in-kind, foregone revenues (may be waived at Governor's discretion)

## GOF CONTINUED

- **Company documentation: No closing or job loss, targeted jobs and investment, financial information**
- **Performance agreements: clawbacks**
- **One GOF per project**
- **Up to \$1.5MM, Governor may waive cap for projects of state or regional interest**

## VA INVESTMENT PARTNERSHIP ACT

- **Share revenue increases with companies**
- **Payout after company has performed**
- **Performance agreement**
- **Umbrella for three programs:**
  - **Virginia Investment Partnership Grant (VIP)**
  - **Major Eligible Employers Grant (MEE)**
  - **Virginia Economic Development Incentive Grant (VEDIG)**

## **VIP: FOCUS ON CAPITAL INVESTMENT**

- **For existing manufacturers or R&D companies**
- **Virginia operations for at least 5 years**
- **\$25MM+ capital investment**
- **No required job creation, but maintain jobs after investment and during payout**
- **Up to \$3MM (or \$5MM for special projects) in 5 equal installments beginning in 3<sup>rd</sup> year after verification of compliance (2<sup>nd</sup> year in distressed areas)**

## **MEE: FOCUS ON CAPEX AND JOBS**

- **For existing major basic sector employers**
- **Virginia operations for at least 5 years**
- **\$100MM capital investment**
- **1,000 new jobs (400 jobs if paying twice the prevailing wage)**
- **Up to \$25MM paid in 5 – 7 installments beginning in 6<sup>th</sup> year following verification of compliance (4<sup>th</sup> year in distressed areas)**

## **VEDIG: FOCUS ON JOBS**

- **For basic sector companies with high paying jobs and minimal investment**
- **In MSAs  $\geq$  300,000:**
  - 400 jobs paying 150% prevailing wage ; or
  - 300 jobs paying 200% prevailing wage; and
  - Capex of greater of \$5MM or \$6,500 per job
- **In MSAs  $<$  300,000:**
  - 200 jobs paying 150% prevailing wage
  - Capex of \$6,500 per job
- **Aggregates: \$30MM / \$6MM per year**
- **Paid in 5 installments beginning in 3<sup>rd</sup> year after verification of compliance**

## PERFORMANCE-BASED GRANTS

- **Major project**
- **Transformational: Impact direction of economy**
- **Based on job creation / investment / production**
- **May be based on attracting supply chain**
- **Generally, payment after performance has been achieved**

- **Three Programs**
  - **New Jobs Program**
  - **Small Business New Jobs Program**
  - **Retraining Program**
- **Develop complete training program:  
recruitment services, pre-employment and  
post-employment training**
- **Administered by Va Dept Biz Assistance**

## VJIP CONTINUED

- **New Jobs: \$1MM capital investment and 25 jobs, certain basic employers**
- **Small Business: \$100,000 capital investment and 5 jobs per year in program**
- **Retraining: \$500,000 capital investment and 10 employees to be retrained, only for manufacturers and distribution centers**
- **For all: Wages of at least \$10 per hour**



## **SMALL BUSINESS JOBS GRANT PROGRAM**

- **New program created during 2010 General Assembly**
- **Funded by raiding VJIP**
- **Provides between \$500 and \$2,000 for each job over a 5 job threshold**
- **Preference for jobs created in high unemployment areas**



## **ECONOMIC DEVELOPMENT ACCESS (ROAD) FUND**

- **Each locality allowed up to \$650,000 per year**
- **\$500,000 available without local match**
- **Another \$150,000 available with local match**
- **Basic employers: Manufacturing, corporate HQs, processing, R&D, distribution centers**
- **Built to plant boundary**
- **Administered by VDOT**

## **INDUSTRIAL RAIL ACCESS PROGRAM**

- **Each locality allowed up to \$450,000 per year**
- **\$300,000 available without local match**
- **Another \$150,000 available with local match**
- **Two years to construct after contracted**
- **If not used as proposed by 5<sup>th</sup> year then grant must be repaid**
- **Build track on private or public property**
- **Administered by Dept of Rail and Public Transportation**



## **MAJOR BUSINESS FACILITY JOB TAX CREDIT**

- **50 job threshold (25 jobs in Enterprise Zones and distressed areas with high unemployment)**
- **\$1,000 per job created, paid over 2 or 3 years**
- **Available to manufacturers and other basic employers**
- **Administered by Dept of Taxation**
- **2010 Legislation to change thresholds**

## **OTHER TAX CREDITS AND EXEMPTIONS**

- **Equipment used in manufacturing process is exempt from sales & use tax**
- **Computer equipment used in large data centers is exempt from sales & use tax**
- **R&D equipment is exempt from sales & use tax**
- **Equipment used in manufacturing items from recycled materials may qualify for a tax credit**
- **Green jobs tax credit (\$2,500 for each eligible job paying at least \$50K)**

## VIRGINIA ENTERPRISE ZONE INCENTIVES

- **Job grants over 4 job threshold:**
  - \$800 per job / year for 5 years / 200% FMW
  - \$500 per job / year for 5 years / 175% or 150% FMW
- **Real estate grants: 20% of investment**
  - new construction projects  $\geq$  \$500,000
  - rehabilitation/expansion  $\geq$  \$100,000
  - $\leq$  \$5 million eligible for up to \$100,000 grant
  - $>$ \$5 million eligible for up to \$200,000 grant
- **Administered by DHCD / Subject to Proration**
- **Preference to Job Grants over Real Estate**

- **Discretionary grant used in Tobacco Region**
- **Grant tends to be in line with GOF but will be used aggressively for targeted projects**
- **Grant thresholds lower than GOF**
- **Administered by Tobacco Commission**
- **Requires Locality to be on hook for repayment, if Company does not or cannot pay**

## FURTHER INFORMATION

- [www.virginiaallies.org](http://www.virginiaallies.org): **GOF, VIP, MEE and VEDIG Guidelines and Form Performance Agreements**
- [www.dba.virginia.gov](http://www.dba.virginia.gov): **VJIP Info and Info re: VDBA and other gov't financing programs**
- [www.dhcd.virginia.gov](http://www.dhcd.virginia.gov): **Enterprise Zone/CDBG Info**
- [www.virginiadot.org](http://www.virginiadot.org) : **Industrial Access Road Info**
- [www.drpt.virginia.gov](http://www.drpt.virginia.gov) : **Rail Access Info**
- [www.tax.virginia.gov](http://www.tax.virginia.gov): **Tax Credit and Exemption Info**