

2009 General Assembly
Economic Development Related Legislation

[HB 2442 & SB 1089](#): Virginia Investment Partnership (VIP) Increases: The VIP Program is Virginia's primary economic development tool for incentivizing the expansion and retention of existing manufacturers. In order to create the Virginia Economic Development Incentive Grant Program in 2005, the existing funding caps for the VIP program were cut in half. Due to the effectiveness of the VIP program and the reduction in funding caps, the VIP program is now bumping up against the current caps. Given the consolidation that is taking place in many sectors of this challenging economy, this incentive is even more important to ensure that Virginia can compete for consolidations such as the recent Continental project that brought manufacturing capacity from South Carolina. This legislation will increase the VIP caps to their original levels; furthermore, it will allow for a maximum grant of \$5 million for extraordinary projects, such as the AREVA Newport News project which was offered a \$5 million grant contingent upon the passage of this legislation.

[HB 2250 & SB 1119](#): Major Employment and Investment Act: In order for Virginia to be able to compete with other states for major manufacturing projects, commonly referred to as mega projects, it needs the right set of tools. This legislation will allow the Virginia Public Building Authority to finance an array of economic development activities for mega projects and the Virginia Resources Authority to finance site improvements for any economic development purpose. It also creates an oversight panel consisting of the Governor and key legislators who chair and sit on the money committees. This panel will allow Virginia to respond to prospects regarding legislative incentive recommendations when the General Assembly is not in session.

[HB 2296](#): Major Business Facilities Jobs Tax Credit (MBFJTC) Extension: The MBFJTC has been a valuable economic development incentive used to encourage job growth by businesses in various sectors. The credit allows eligible users to claim a \$1,000 per job credit for each job created over a threshold number. This \$1,000 credit is claimed over three years, or \$333 per year. The MBFJTC is due to expire at the end of taxable year 2009; this legislation will extend the credit to 2020.

[SB 1344](#): Freedom of Information Act (FOIA) Exemption for Existing Business Retention: The current FOIA exemption for economic development only provides coverage for confidential and proprietary information during the active stage of recruiting a new business to Virginia. In light of the key role existing businesses play in new job growth and the importance of maintaining existing employment and tax base in these economic times, economic developers must build relationships with these key employers. This legislation will expand the existing exemption to exclude records used for business retention purposes and clarifies that the exemption applies to include all public bodies, including local governments.

[HB 2235 & SB 1215](#): Clean Energy Manufacturing Incentive Grant (CEMIG) Program: The current Solar Photovoltaic Manufacturing Incentive Grant (SMIG) Program is a very attractive economic development incentive, but the way it is currently structured does not give Virginia a strong negotiating position nor does it allow other types of clean energy manufacturers to participate. As part of his Renew Virginia campaign, Governor Kaine will introduce legislation to change the SMIG program into the CEMIG program. It will be structured similarly to the VIP program, with a maximum pool of jobs and investment performance grants of \$36 million with payments spread over up to six years. An eligible project must create at least 200 jobs and \$50 million of capital investment, unless it locates in a community with 125% the statewide unemployment

rate, in which case those thresholds can be reduced. The amount and timing of grant payments are negotiable, and in order to participate in the program, a company must engage in a memorandum of understanding with VEDP and the Department of Mines, Minerals and Energy. This will be an important tool to recruit new manufacturing jobs in alternative energy sectors to all parts of Virginia.

Governor's Development Opportunity Fund (GOF) Appropriation: The GOF is Virginia's premier deal-closing economic development incentive fund. Fortunately, even during these challenging economic times, VEDP is continuing its burn rate of approximately \$1 million of GOF per month recruiting new projects to Virginia's communities. Funding in the current budget provided only \$7.6 million for FY 2009 and \$7.5 million for FY 2010. The Governor included an additional \$5 million for FY 2010 in his introduced budget. This funding must be retained if Virginia is going to remain competitive for new and expanding projects.