



January 21, 2008

**2008 Commerce & Trade
Budget Amendments
House Appropriations
Committee**

Patrick O. Gottschalk
Secretary of Commerce & Trade

Advancing the Commonwealth's Economic Development Agenda

- Targeted Investments and Incentives
- Performance Based Grant Agreements
- Continuing Virginia's Competitive Position
- Needs for the Global Economy

Virginia

Best State
for Business

#1 Ranking by
ENR Forbes

-  Central Virginia
-  Hampton Roads
-  Northern Virginia
-  Southside Virginia
-  Southwestern Virginia
-  Valley

Fairfax County
Incentives: \$7,786,211
New Jobs: 401
Average Salary: \$122,868
Investment: \$118,000,000



Audi

Rockingham County
Incentives: \$1,267,200
New Jobs: 25
Average Salary: \$48,500
Investment: \$229,000,000



City of Richmond
Incentives \$9,940,791
New Jobs: 400 (200 Saved)
Average Salary: \$90,000
Investment: \$80,000,000

MeadWestvaco

NORTHROP GRUMMAN



CGI



WOLSELEY

Russell County
Incentives \$2,945,000
New Jobs: 650
Average Salary: \$41,653
Investment: \$22,700,000

City of Danville
Incentives \$12,040,800
New Jobs: 740
Average Salary: \$27,310
Investment: \$281,000,000

City of Newport News
Incentives \$5,593,600
New Jobs: 420
Average Salary: \$56,547
Investment: \$30,000,000

Projected Impact of Announcements on the Commonwealth

- Incentives Awarded: \$39,639,834 (over ten years)
- New Jobs Created: 2,636
- Jobs Saved: 200
- Capital Investment: \$761 million

- **10-Year State Revenue: \$173,706,498**
- **20-Year State Revenue: \$412,918,235**

VEDP Monitors Actual Return on Invested Capital for GOF Projects

- Have actual performance data from FY2002-FY2006 (updated quarterly)
- 130 projects received GOF disbursements in 5-year period
- GOF Disbursements- \$52.8 million
- Total Incentive Grants - \$165.2 million (TROF, VJIP, VIP, Ent. Zone, etc.)

Results to Date (since FY2002)

- Gross Revenue \$695.9 million
- Net State Revenue \$530.7 million

Projected Returns After 10 Years (by FY2011) Existing Companies

- Gross Revenue \$1.4 billion
- Net State Revenue \$1.2 billion
- State Benefit to Cost Ratio: \$8 to \$1

Targeted Investments and Incentives

- Governor's Development Opportunity Fund (GOF)
 - \$1.5 Million in Caboose Bill for 2008 (General fund / Fiscal year)
 - \$15.1 Million for 2009
- Semiconductor Manufacturing Performance Grants Phase I & II
 - \$15.5 million for 2009
 - \$8.8 million for 2010
- Acceleration of Manufacturing Performance Grants to Qimonda
 - \$5.4 million for 2009
 - \$8.4 million for 2010
- BRAC Military Strategic Response (NAS Oceana and DARPA)
 - \$7.5 million for 2009
 - \$17.5 million for 2010

Naval Air Station Oceana City of Virginia Beach

- **Objective:**
 - Retain the Navy's East Coast Master Jet Base in Virginia
- **Economic Impact**
 - 12,000 Personnel
 - \$800 Million Payroll
 - \$200 Million Purchased Goods and Services
- **Funding to address land encroachment issues effecting Navy flight and training operations.**

Saving Key Military Assets

- **Defense Advanced Research and Projects Agency (DARPA) – Arlington County**
- **Objective:**
 - Retain this world class scientific and research agency in Virginia
- **Economic Impact**
 - 240 scientists and other research workers
 - 1,700+ defense contractors and businesses
 - \$3.3 Billion budget
 - Projects include the Internet, night vision goggles, and high tech body armor
- **Funding will be dedicated to conform facility with the required DoD force protection building standards.**

Targeted Investments and Incentives

- Rolls-Royce Incentives in the Budget
 - \$1.3 million for 2009
 - \$9.4 million for 2010
- Rolls-Royce Incentives in HB1330 / SB651
 - Performance based maximum \$35 million by 2023
 - Training grants not to exceed \$8.8 million
 - \$5 million in performance grants for bringing suppliers who create at least 300 jobs and invest \$50 million

Rolls-Royce

- \$500 million investment
- Potential additional investment \$50 million
- 642 Jobs, potential for 300 more supplier jobs
- Commitment to fund \$27.5 million of research with Virginia universities

Targeted Investments and Incentives

- SRI International Incentive
 - \$5.0 million for 2009
 - \$2.0 million for 2010
- Virginia Investment Partnership Grants
 - \$1.3 million for 2009
 - \$2.3 million for 2010
- Virginia Jobs Investment Program
 - \$2.0 million for 2010

Continuing our Competitive Position

- Tourism - Marketing
 - \$2.5 Million NGF for 2009 from the Virginia Tourism Enhancement Fund
 - \$2.5 Million NGF for 2010 from the Virginia Tourism Enhancement Fund

- Tourism - Governor's Motion Picture Opportunity Fund
 - \$200,000 for 2009
 - \$200,000 for 2010



Questions

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Secretary of Commerce & Trade