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**2009 Commerce & Trade  
Testimony  
House Appropriations  
Economic Development  
Agriculture & Natural  
Resources Subcommittee**

**Patrick O. Gottschalk**  
Secretary of Commerce & Trade

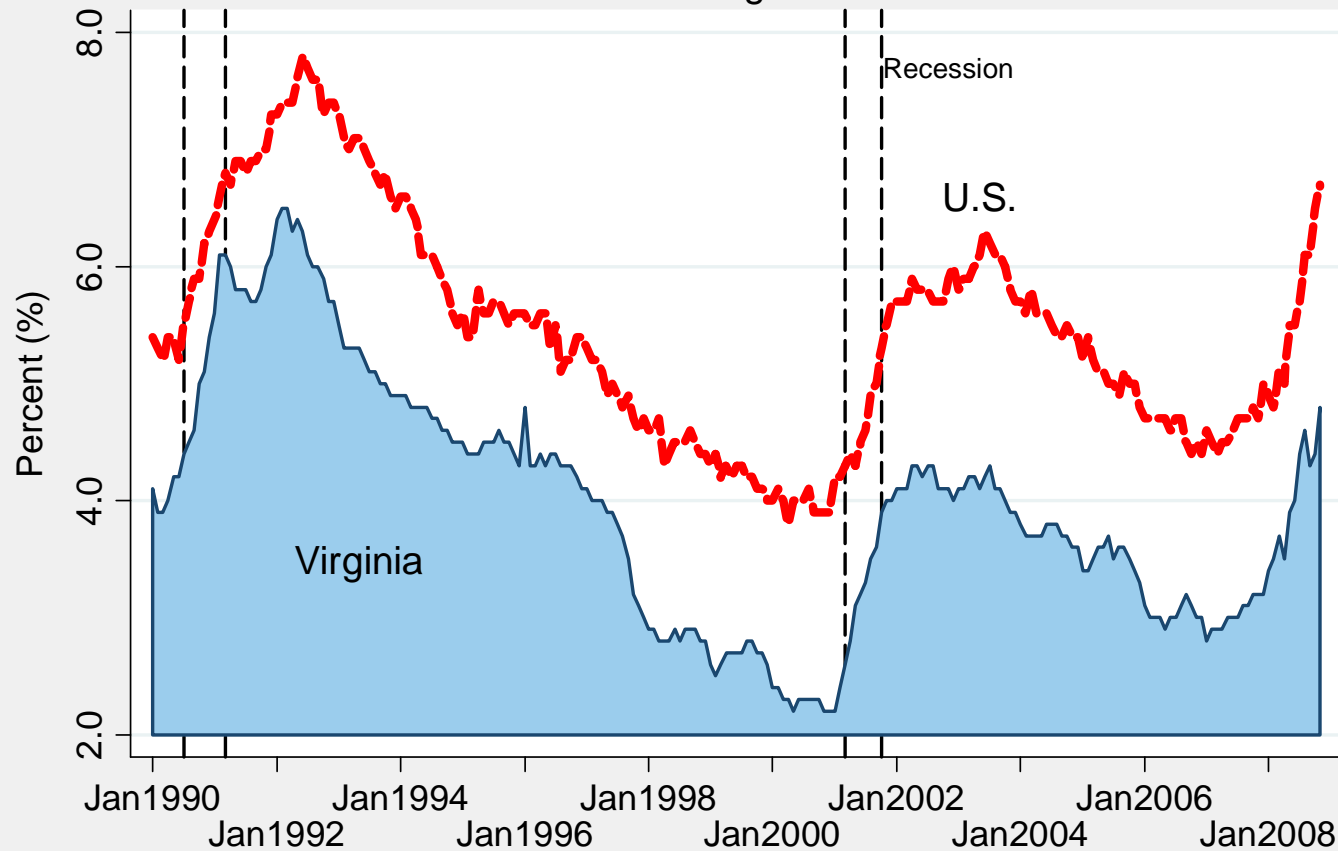
# Successes in Times of Economic Challenge

- VRA funded \$550 million in critical infrastructure projects
  - Build Virginia communities
  - Stimulate local economies
  - Favorable interest rates in a difficult bond market
- DBA supported new business formation with the Business One Stop
  - announced on May 12, 2008
  - Assists nearly 1,000 new businesses each month with form completion
- DHCD and VHDA were heavily involved with the Virginia Foreclosure Prevention Task Force
  - Hosted 5 Education and Outreach Mortgage Clinics
  - Facilitated training for 341 new Foreclosure Mitigation Specialists statewide
  - DHCD administered \$38.7 million for the Neighborhood Stabilization Program

# Moving Forward in a Challenging Economy

- Targeted Incentives
  - Governor's Opportunity Fund
  - Continental AG training grant
  - Orbital Bonds
- Economic Development Legislation
- Investing in Growing Markets: Green Jobs

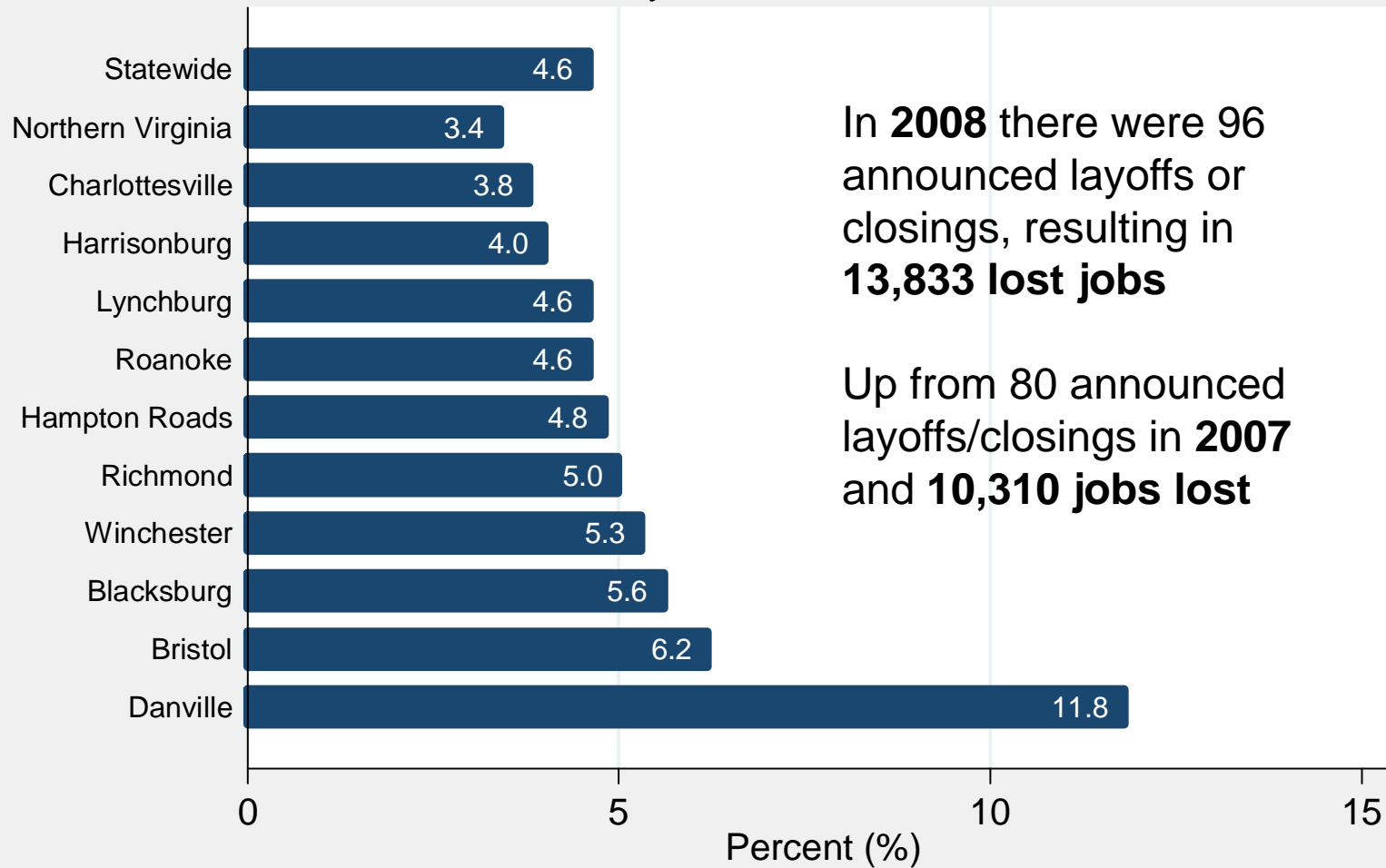
## Unemployment Rate U.S. and Virginia



Source: Bureau of Labor Statistics, LAUS Data-Monthly (Jan.1990 - Nov. 2008), Seasonally Adjusted

The unemployment rate typically continues to rise beyond the “end” of the recession.  
The current recession officially began in December, 2007.

## Unemployment Rate By MSA



In **2008** there were 96 announced layoffs or closings, resulting in **13,833 lost jobs**

Up from 80 announced layoffs/closings in **2007** and **10,310 jobs lost**

Source: Bureau of Labor Statistics, LAUS Data - Nov. 2008 (Seasonally Unadjusted)

## Major Economic Development Announcements

**Canon**

Canon Virginia Inc. 1,035 new jobs; \$623.5M investment

**GOODYEAR**

Goodyear 2,200 jobs saved; \$200M investment

**CSC**

CSC Headquarters 200 new jobs

**Continental**

Continental 894 saved/new jobs; \$194M investment

**NORTHROP GRUMMAN**

AREVA/NG 540 new jobs; \$363.5M investment

**A**

**AREVA**

AREVA Engineering 500 new jobs; \$25M investment

**Orbital**  
Innovation You Can Count On™

Orbital Sciences 125 new jobs; \$45M investment



## Rolls-Royce Progress

- Crosspointe Core team established in Petersburg
- Disc manufacturing building design process begun
- First 60 acres of shovel ready land completed
- Re-zoning and land transfer complete
- Due diligence (historical, environmental, geotechnical) completed
- Workforce development plan established

# Targeted Job Creation Incentives

## Governor's Opportunity Fund

- Commonwealth's primary deal-closing performance incentive
- Average spending rate of \$1 million per month
- FY 2010: Additional \$5 million for a total of \$12.5 million
- Current unobligated balance is \$4 million
- 2/3rds of GOF funds go to rural and distressed areas of Virginia



# Targeted Job Creation Incentives

\$5 Million Additional Governor's Opportunity Fund  
will generate approximately

- 3,900 New Full-Time Jobs
- \$704,000,000 Capital Investment
- 14 Projects across Virginia
  - 4 Advanced Manufacturing
  - 1-2 Science & Research
  - 4-5 Security & Services
  - 4 Transportation / Logistics

## Actual Return for GOF Projects

**Performance data from FY2002-FY2007** updated quarterly

- 162 projects received GOF
- GOF Disbursements – \$62.64 million
- Total Incentive Grants – \$144.08 million (TROF, VJIP, VIP, EZ, etc.)

### **Results to Date (since FY2002)**

- Gross Revenue – \$1.03 billion
- Net State Revenue – \$887.7 million

### **Projected 10 Year Returns on Existing Companies**

- GOF Disbursements – \$63.31 million
- Total Incentives – \$221.9 million
- Gross Revenue – \$2.37 billion
- Net State Revenue – \$2.15 billion

» **State Benefit to Cost Ratio: \$11 to \$1**

# Continental AG Workforce Training

- Two projects in Newport News: consolidation of South Carolina operations and expansion of existing operations
- Save 576 jobs, create 318 new jobs, and \$194 million capital investment
- Additional workforce retraining of \$1.5 million over FY 2009 and FY 2010 needed
- Governor Kaine introduced an executive amendment, reappropriating \$1.5 million of unappropriated balances for this item

# Orbital Sciences Corporation Next Phase Bonds

- Commitment to Virginia's premier space launch company; 125 new jobs and \$45 million capital investment
- \$10 million of bonds for the Va Commercial Space Flight Authority to continue improvements at Wallops Island
- Fulfills total \$26 million financing commitment, with Orbital paying back 75% of the post-construction phase debt service

# Economic Development Legislation

## Major Employment and Investment Act

- New tools to allow Virginia to compete for major projects
- Bonding through Virginia Public Building Authority and Virginia Resources Authority
- Establish an Approval Commission of Legislators, Secretaries and the Governor

## Virginia Investment Partnership Act

- Raise the caps to original levels (\$30 million outstanding, \$6 million grants payable in a given year, \$3 million maximum grant)
- Allows for a maximum of \$5 million grant to extraordinary projects
- Commitment to AREVA Newport News / Northrop Grumman project with \$363 million capital investment and 540 new jobs

# Securing New Green Jobs

## **Clean Energy Manufacturing Incentive Grant**

- Creates a new performance-based economic development tool to recruit jobs and investment in the clean energy sector to Virginia
- Targets manufacturers of equipment, systems and products related to a wide array of clean energy sources
- Ensures that incentives are subject to a performance agreement

## **Renewable Energy Property Tax Credit**

- Expands the market for new manufacturers and makes alternative energy installations more affordable

## **Renewable Energy Sales Tax Exemption**

- Expands the market for new manufacturers and makes alternative energy installations more affordable
- Encourages green businesses to relocate to the Commonwealth



# Questions

**Patrick O. Gottschalk**

Secretary of Commerce & Trade