



2010 ECONOMIC DEVELOPMENT PRIORITIES

**HOUSE APPROPRIATIONS ECONOMIC DEVELOPMENT
AND NATURAL RESOURCES SUBCOMMITTEE**

JANUARY 28, 2010



Forbes.com's "Best State for Business" for four consecutive years



CNBC's "Top State for Business" for the second time in three years



Pollina Corporate Real Estate's "No. 1 Pro-Business State"



REVENUE GENERATOR & GOOD STEWARD: VIRGINIA'S RETURN ON INVESTMENT

Parameters

- Performance data from FY02-FY08 updated semi-annually (current to 2nd qtr. 2009)
- 187 projects
- GOF Disbursements – \$74.03 million to-date
- Total Incentive Grants – \$202.04 million (TROF, VJIP, VIP, EZ, etc.) to date

Results to Date (since FY2002)

- Gross Revenue – \$1,372,705,000
- Net State Revenue – \$1,171,573,000

Projected 10 Year Returns on Existing Companies

- GOF Disbursements – \$74.28 million
- Total Incentives – \$263.92 million
- Gross Revenue – \$2,613,578,000
- Net State Revenue – \$2,350,424,000

State Benefit to Cost Ratio: \$10 to \$1

- **Major Employment and Investment Projects Site Planning Grant Fund (HB 1381 & SB 730)**
 - Final recommendation of Gov. Kaine's 2007 Advisory Committee on Mega Projects
 - Site planning grant program to help localities identify and prepare sites for appropriate targets
 - Intended to provide grants with regional distribution
 - Sites are not necessarily "mega" – could be an urban MEI project (\$250M / 400 jobs)
- **Project Ignite (HB 677 & SB 644)**
 - New personalized medicine biotech research and commercialization project in Fairfax to create 415 new jobs and invest \$200 million
 - Combination of local and state incentives:
 - \$3 million GOF for CIT upfit; \$22 million performance grant
 - Fairfax County: Up to \$150 million financed for construction

- **Data Center Sales and Use Tax Exemption (HB 302 & SB 130)**
 - Align Virginia's exemption with other states' exemptions
 - Expand definition of items for which exemption may be taken to include chillers, generators and enabling software
 - Meet a commitment to a company locating in Henrico County by providing relief back to July 1, 2009
 - \$150 million capital investment; 125 jobs paying \$100,000+
- **Clean Energy Manufacturing Incentive Grant (HB 1037 & SB 129)**
 - Expand current solar grant program to clean energy manufacturers
 - Tie to jobs and capital investment / grant size based on Return on Investment analysis
 - Respond to an active project: 572-2,000 jobs; \$200M - \$1B capital investment



ECONOMIC DEVELOPMENT BUDGET ITEMS IN HB 30

Program/Project	FY 2011	FY 2012
Enterprise Zone Program Grants	\$12,150,000	\$12,150,000
VA Jobs Investment Program	\$7,961,287	\$7,961,287
Motion Picture Opportunity Fund	\$475,000	\$375,000
VA Commercial Space Flight	\$1,379,095	\$1,379,095



ECONOMIC DEVELOPMENT BUDGET ITEMS IN HB 30

Program/Project	FY 2011	FY 2012
Governor's Opportunity Fund	\$11,811,055	\$11,811,055
Micron Semiconductor	\$1,600,000	\$3,800,000
Virginia Investment Partnership	\$1,795,381	\$2,807,329
Major Eligible Employer	-	\$5,000,000
SRI International	\$3,000,000	-
Rolls-Royce North America	\$12,769,000	\$7,517,000
Ignite Institute	-	\$5,500,000



2010 LEGISLATION AND BUDGET ITEMS OUTCOMES

Program/Project	Jobs	Investment
Micron Semiconductor	900 jobs	\$1.2 billion
Virginia Investment Partnership	5,846 (incl. preserved)	\$1.8 billion
Major Eligible Employer	500 jobs	\$300 million
SRI International	100 jobs	\$12.5 million
Rolls-Royce North America	642 jobs	\$501 million
Ignite Institute	415 jobs	\$200 million



NEW PROPOSED BUDGET AMENDMENTS

Program/Project	FY 2011	FY 2012
Governor's Opportunity Fund	\$12.1MM	-
Major Employment & Investment Sites	\$5.0MM	-
VEDP International Marketing	\$1.0MM	\$1.0MM
Biotechnology Investments:		
Wetlab Facilities Improvements	\$1.5MM	\$1.5MM
HB 523 Tax Ex. for Cap Gains in Tech Investments	\$500,000	\$500,000



NEW PROPOSED BUDGET AMENDMENTS

Program/Project	FY 2011	FY 2012
VTC: Domestic & Int'l Advertising & Marketing	\$3.6MM	\$3.6MM
Motion Picture Opportunity Fund	\$2.0MM	-
Wine Liter Tax \$\$ → Wine Promotion Fund	\$847,538	\$847,538
Increase funding for Loan Guarantee Program	\$1MM	-
Increase VA Jobs Investment Program	\$6.5MM	-
Continue Business One Stop Funding	\$500,000	\$500,000

- Recruit and retain leading corporate citizens
- Increase tourism & film production
- Ensure we are the friendliest state for small business
- Invest in bio-technology
- Make Virginia the energy capital of the East Coast



THANK YOU!

QUESTIONS?