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**2010 GENERAL ASSEMBLY UPDATE  
2011 GENERAL ASSEMBLY FORECAST**

- **VEDP's legislative package included legislation and budget initiatives:**
  - to meet commitments to existing projects
  - to establish new economic development programs
  - to attend to some housekeeping matters
- **Other legislation had an impact on VEDP and our routine incentives**

- **Requested flexibility to existing exemption to make Virginia competitive for large data centers:**
  - Add chillers, back-up generators and enabling software to exempt “computer equipment”
- **Criteria:**
  - \$150 million capital investment
  - 50 new jobs paying at least 1.50x the prevailing wage
  - 25 new jobs if in an enterprise zone or distressed community (1.50x statewide unemployment rate)

## MAJOR BUSINESS FACILITY JOB TAX CREDIT

- **Provides a \$1,000 income tax credit for new jobs created, over a threshold number**
- **Threshold reduced from 100 to 50**
- **Threshold in enterprise zones or distressed areas (.5% higher unemployment than statewide average) reduced from 50 to 25**
- **Through 2012, may take credit over 2 years, rather than the typical 3 years**

## ENTERPRISE ZONES

- **In areas with unemployment rates 1.50x the statewide average, reduced the wage requirement to qualify for Job Creation Grant from 175% of the federal minimum wage to 150%**
- **DHCD is directed to allocate scarce \$\$ first to Job Creation Grants, then to Real Property Investment Grants**

## **GREEN JOBS TAX CREDIT**

- **New incentive**
- **\$500 income tax credit for 5 years = \$2,500**
- **For up to 350 green jobs per company having an annual wage of at least \$50,000**
- **SOCT will indentify green jobs in the fields of renewable and alternative energy**
- **May double-dip with EZ Job Creation Grants, but not with MBFJTC**

## SMALL BUSINESS JOB CREATION GRANT

- **New incentive for small businesses ( $\leq 250$  employees) to be administered by DBA**
- **Must create at least 5 new jobs in a year**
- **\$500 to \$2,000 grant per new job created and retained for at least one year - up to 50 jobs**
- **Limited funds (from VJIP), so priority to small businesses in areas with unemployment rates 125% of the statewide average**

- **Third leg of the mega projects stool:**
  - **VPBA funding for state-level incentives – 2009**
  - **VRA funding for local-level incentives – 2009**
- **Competitive grant program to provide funds for a locality for site and site development work**
- **\$5MM in Tobacco Commission money for a site in Southern Virginia**

## PROJECT BATTLESHIP LEGISLATION

- **As time progressed, became clear that we would need a legislative fix to respond to Northrop Grumman and other pipeline HQ projects**
  - **Allow GOF proceeds to be spent on construction or build-out of *privately* owned buildings, including tenant improvements**
  - **Increase allowable VEDIG grants – were running up against \$30 million legislative ceiling**
- **Create another \$30 million tranche for VEDIG**

- **Replace the solar grant program**
  - “By right” program and cannot impose requirements for jobs and capital investment
- **Authorize a grant program for clean energy manufacturing (renewables and nuclear)**
  - Negotiate appropriate incentive, based on ROI
  - Impose requirements for jobs and capital investment
- **Legislation passed Senate but was killed by House Appropriations; sent to the MEI Approval Commission for “further review”**

## OTHER LEGISLATION

- **MEI Approval Commission: Expand scope to allow Commission to approve incentive packages requiring legislative fixes – to provide prospects with some comfort during legislative “off season”**
- **VEDP: Add Lieutenant Governor to VEDP Board**
- **VEDP: Change leader’s title from Executive Director to President and Chief Executive Officer**

- **It's all about the \$\$**
- **Expect usual assortment of VEDP bills**
  - Project related
  - Improve existing programs
- **Expect another attempt at CEMIG**
- **Likely to see various initiatives out of the Governor's 2010 Strategic Plan for Economic Development and the Governor's Economic Development and Job Creation Commission**



**THANK YOU! QUESTIONS?**