

Legislative Proposal SB 1156: Creating the Technology Development Grant Program (Microsoft)

On May 27, 2020, Governor Ralph Northam announced that Microsoft Corp. will invest \$64 million to establish a new software development and R&D regional hub, which will create 1,500 new jobs. The company will occupy 400,000 square feet in the Reston Town Center in Fairfax County for its new location, anticipated to be ready for employees in summer 2021. For the FY21-22 biennium, the fiscal impact will be \$5.6 million in FY22.

PROPOSAL

Create the Technology Development Grant Program: Microsoft has had a presence in Virginia since 2002, with corporate locations in Reston and the Richmond area as well as an enterprise data center in Mecklenburg County. The terms of the project in the proposed legislation and MOU specify that the company has committed to creating 1,500 jobs and investing \$64 million to create a new software development and R&D regional hub. Codifying discretionary incentive offers once a large company makes a decision for Virginia is standard practice.

The award of the grant has been approved by the MEI Project Approval Commission. The total amount of the grant award will not exceed \$22.5 million. The grant payment schedule outlined in the legislation will be paid if the company meets its performance targets on schedule.

RESULTS

Positive economic impact for the Commonwealth of Virginia: The residents of the Commonwealth of Virginia will benefit substantially from the direct and indirect economic impacts of the implementation of this agreement.

Virginia sends a signal about its competitiveness in the information and technology sector: As a result of this decision, Virginia will be able to demonstrate its status as a national competitor for projects in this sector, which has the potential to generate further wins for this industry for other communities and regions in Virginia.

We urge you to support SB 1156 that formalizes Virginia's performance-based incentive commitment to secure a major job creation and capital investment opportunity in the tech sector.