
Guide to Incentives

2019–2020

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Introduction

Virginia's most valuable business incentive is its pro-business climate. The Commonwealth strives to maintain traditions of sound fiscal management: a growing, diversified economy, moderate and stable taxes, and a conservative, results-oriented approach to business regulation. This advantageous climate—combined with assets such as a strategic location, a highly productive workforce, and excellent quality of life—makes Virginia the best place to do business.

In support of this pro-business environment, the Commonwealth offers a range of incentives and services to encourage business growth and reduce the costs of opening or expanding a business facility. Incentives include: discretionary cash grants, infrastructure development grants, tax credits and exemptions, customized training, technical support programs, and financing assistance. The state's guiding principles for offering discretionary incentives to projects are to target those projects that:

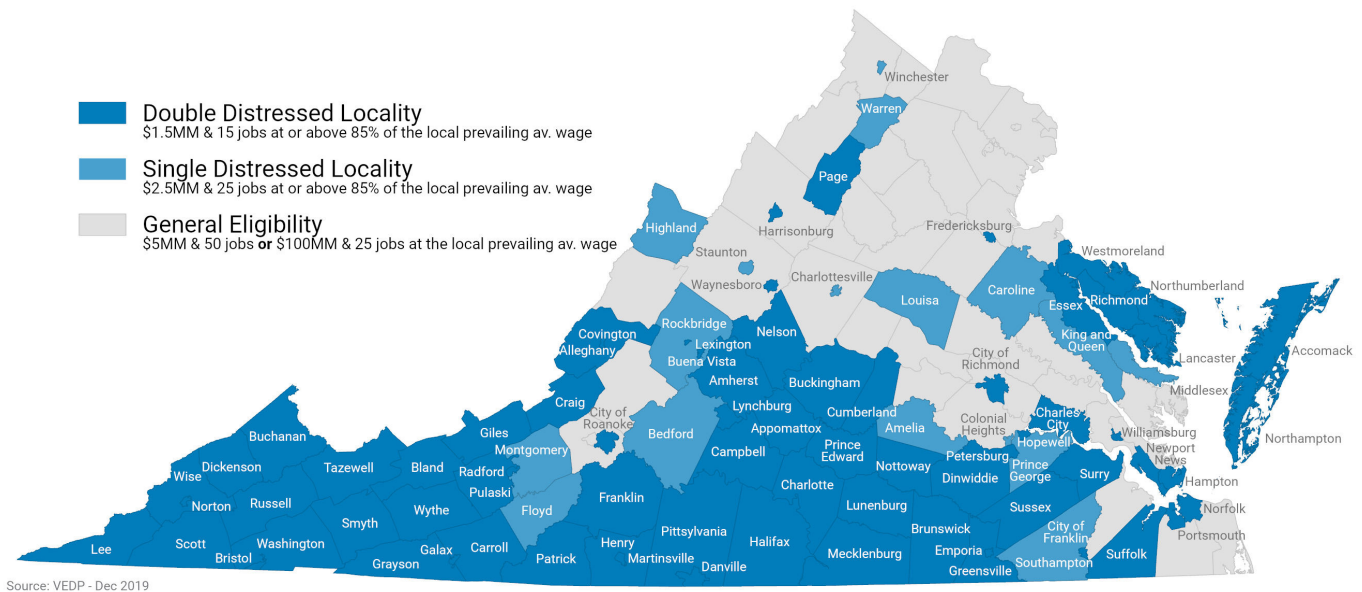
- Align with local, regional, and/or state strategic sectors and strategies
- Are impactful
- Maximize community wealth
- Diversify the job base in regards to skill sets; solve a specific need
- And advance the quality of life for Virginians

This guide mainly focuses on state incentive programs. Local governments may offer additional business incentives to further reduce the costs of locating or expanding a business in Virginia.

Discretionary Incentives

Commonwealth's Development Opportunity Fund

The Commonwealth's Development Opportunity Fund (COF), formerly the Governor's Development Opportunity Fund, is designed as a "deal closing" fund used at the Governor's discretion to secure a company location or expansion in Virginia. Administered by the Virginia Economic Development Partnership (VEDP), the COF serves as a final resource in the face of serious competition from other states or countries. The COF is a negotiated amount determined by the Secretary of Commerce and Trade, based on the recommendation of VEDP, and subject to the approval of the Governor. A COF is awarded to the Virginia locality (county, city, town, or applicable political subdivision) for the benefit of the company, with the expectation that the grant will result in a favorable decision for the Commonwealth.



Grants are made at a locality's request for a project under the following conditions:

- Minimum project capital investment, job creation, and wage requirements
 - The locality participates with a matching dollar-for-dollar (cash or in-kind) financial commitment
 - Review of financial documents and/or other information from company
 - Public announcement of the project is coordinated by VEDP and the Governor's Office
 - A performance agreement is executed between the locality and the company outlining promised job creation, capital investment, and wages
- Annual updates from the company reporting the status of the capital investment and job creation outlined in the performance agreement

Monies may be used for such things as public and private utility extension or capacity development on and off site; public and private installation, extension, or capacity development of high-speed or broadband internet access, whether on or off site; road, rail, or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving, and any other activity required to prepare a site for construction; construction or build-out of buildings; or training.

Discretionary Incentives

Once a company decides on one potential Virginia location, the locality works with VEDP to seek the funds necessary to apply toward the project. The success of the COF application is based on the project's eligibility and the locality's financial support for the project, as well as the actual project requirements and availability of funds. As with all Virginia discretionary incentives, the Commonwealth's investment must make good fiscal sense for both sides and must carry a suitable benefit for Virginia, based on a return on investment analysis prepared for every project.

Virginia Investment Partnership Grant

The Virginia Investment Partnership Grant (VIP) is a discretionary performance incentive designed to encourage continued capital investment by Virginia companies, resulting in added capacity, modernization, increased productivity, or the creation, development, and utilization of advanced technology. The program targets manufacturers or research and development services supporting manufacturing that have operated in Virginia for at least three years and are making a minimum capital investment of \$25 million while maintaining stable employment levels. There must be an active and realistic competition between Virginia and another state or country for attracting the project, and matching local financial participation is expected.

The amount of each VIP grant is determined by the Secretary of Commerce and Trade, based in part on VEDP's return on investment analysis and recommendation, and is subject to the approval of the Governor. VIP grants are paid in five equal, annual installments beginning in the third year after the capital investment and job creation or retention are achieved, or in the second year if the company is locating in a fiscally distressed area of the state. Distressed communities are highlighted in the map on page 3.

Companies are required to execute a performance agreement outlining performance expectations prior to receipt of the grant. Public announcement of the project must be coordinated with VEDP and the Governor's Office.

Major Eligible Employer Grant

The Major Eligible Employer Grant (MEE) is a discretionary performance incentive designed to encourage significant capital investment and job creation, by Virginia manufacturers and other basic employers, to grow in Virginia rather than another state or country. The program targets major employers that make a capital investment of at least \$100 million and create at least 1,000 new jobs (a minimum of 400 jobs, if the average pay is at least twice the locality's prevailing average wage).

The amount of each MEE grant is determined by the Secretary of Commerce and Trade, based in part on the Virginia Economic Development Partnership's (VEDP) return on investment analysis and recommendation, and is subject to the approval of the Governor. MEE grants are paid in five to seven equal annual installments beginning in the third year after the capital investment and job creation targets are met.

Companies are required to execute a performance agreement before receipt of the grant outlining performance expectations. Public announcement of the project must be coordinated with VEDP and the Governor's Office.

Discretionary Incentives

Virginia Economic Development Incentive Grant

The Virginia Economic Development Incentive Grant (VEDIG) is a discretionary performance incentive designed to assist and encourage companies to invest and create new employment opportunities by locating significant headquarters, administrative, or service sector operations in Virginia.

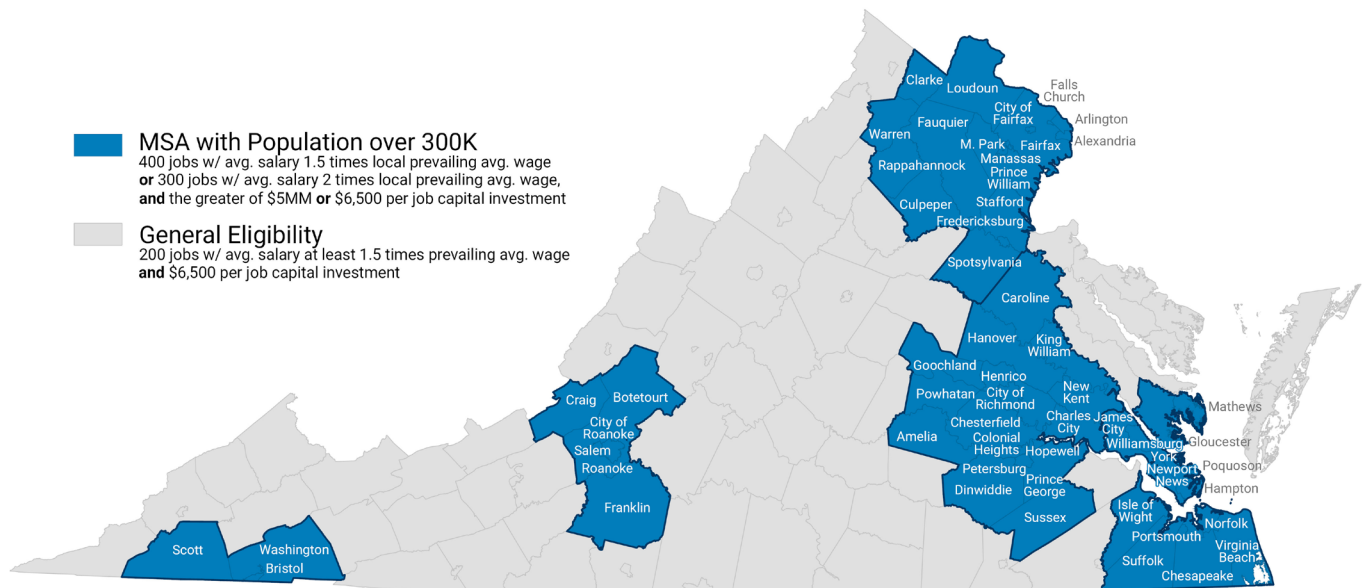
Selected companies must meet the following eligibility requirements.

A company locating in a Metropolitan Statistical Area (MSA) with a population of 300,000 or more in the most recent decennial census must:

- Create 400 new full-time jobs with average salaries at least 1.5 times the local prevailing average wage; or create 300 new full-time jobs with average salaries at least twice the local prevailing average wage
- Make a capital investment of at least \$5 million or \$6,500 per job, whichever is greater

A company locating elsewhere in Virginia must:

- Create 200 new full-time jobs with average salaries at least 1.5 times the local prevailing average wage
- Make a capital investment of at least \$6,500 per job



Kingsport - Bristol VA/TN

Bristol
Scott
Washington

Roanoke

Botetourt
Craig
Franklin
City of Roanoke
Roanoke
Salem

Washington - Arlington - Alexandria

Alexandria
Arlington
City of Fairfax
Clarke
Culpeper
Fairfax
Falls Church
Fauquier
Fredericksburg
Loudoun
Manassas

Prince William
Rappahannock
Spotsylvania
Stafford
Warren

Richmond

Amelia
Caroline
Chesterfield
Charles City
City of Richmond

Colonial Heights
Dinwiddie
Goochland
Hanover
Henrico
Hopewell
King William
New Kent
Petersburg
Powhatan
Prince George
Sussex

Virginia Beach - Norfolk - Newport News

Chesapeake
Gloucester
Hampton
Isle of Wight
James City
Mathews
Newport News
Norfolk
Poquoson
Portsmouth
Suffolk

Virginia Beach
Williamsburg
York

Discretionary Incentives

The amount of each performance grant is determined by the Secretary of Commerce and Trade, based in part on the VEDP's return on investment analysis and recommendation, and is subject to the approval of the Governor. VEDIG grants are paid in no fewer than five, equal annual installments beginning in the third year after the capital investment and job creation are completed. Companies are required to execute a performance agreement that outlines performance expectations before receipt of the grant. Public announcement of the project must be coordinated with VEDP and the Governor's Office.

Virginia Economic Development Partnership

901 East Cary Street, Suite 900

Richmond, Virginia 23219-0978

804.545.5600 | VEDP.org

Governor's Agricultural and Forestry Industries Development Fund

The Governor's Agriculture and Forestry Industries Development Fund (AFID) is a discretionary incentive designed to grow Virginia's agriculture and forestry industries through strategic grants made to businesses that add value to Virginia-grown agriculture and forestry products. AFID grants are awarded to localities at the discretion of the Governor with the expectation that the grant will be critical to the success of a project and will result in the creation of new jobs and investment.

Grants are made to a political subdivision for a project under the following conditions:

- The business beneficiary is creating new capital investment and jobs in Virginia
- The business beneficiary is a facility that produces "value-added agricultural or forestry products"
- At least 30% of the agriculture or forestry products to which the facility is adding value are grown in Virginia
- The grant may not exceed \$500,000 unless the project is determined to have statewide or regional importance
- The political subdivision applying for the grant provides a matching financial commitment

- A performance agreement is executed between the applicant and the business beneficiary outlining the agreed upon job creation, capital investment, and purchase of Virginia-grown agriculture or forestry product
- Public announcement of the project is coordinated with the Governor's Office

Grants may be used for a variety of purposes, including public and private utility extension or capacity development on and off site; high-speed or broadband internet access extension or capacity development; road, rail, or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving, and any other activity required to prepare a site for construction; construction or build-out of buildings; or training.

Virginia Department of Agriculture & Consumer Services

Office of Agriculture and Forestry Department

102 Governor Street

Richmond, Virginia 23219

AFID@vdacs.virginia.gov

804.225.4535 | VEDP.org/incentive/afid

Discretionary Incentives

Port of Virginia and Infrastructure Development Grant

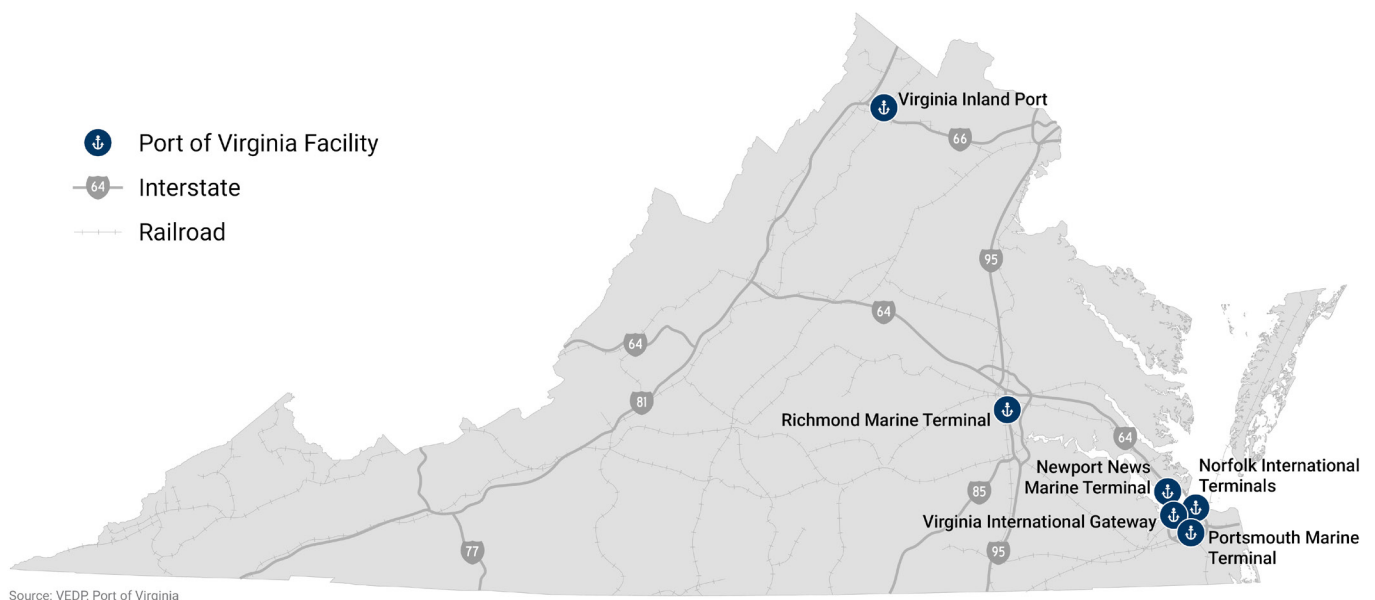
The Port of Virginia Economic and Infrastructure Development Grant, administered by the Virginia Port Authority, is designed to incentivize companies to locate new maritime-related employment centers or expand existing centers to encourage growth of The Port of Virginia.

A business entity that meets all four criteria listed below may be eligible for a cash grant from the Port of Virginia Economic and Infrastructure Development Grant:

- Locates or expands a facility within the Commonwealth
- Creates at least 25 new, permanent full-time positions at a facility within Virginia from commencement of the project through the first full year of operation or during the year when the expansion occurs
- Is involved in maritime commerce, or exports or imports manufactured goods through The Port of Virginia
- Is engaged in one or more of the following: distribution, freight forwarding, freight handling, goods processing, manufacturing, warehousing, crossdocking, transloading, or wholesaling of goods exported and imported through The Port of Virginia; ship building and ship repair; dredging; marine construction; or offshore energy exploration and extraction

The amount of the grant is calculated by the following formula, subject to a maximum amount of \$500,000 per year:

- 25–49 new jobs: \$1,000 per job
- 50–74 new jobs: \$1,500 per job
- 75–99 new jobs: \$2,000 per job
- 100+ new jobs: \$3,000 per job



Discretionary Incentives

To receive the grant, a qualifying company must apply to the Virginia Port Authority no later than March 31st in the year immediately following the first full year of operation or expansion within Virginia. The qualifying company must also agree to maintain the jobs at the facility within Virginia and continue to move cargo through The Port of Virginia for each of the three years following the receipt of the grant by entering into a Memorandum of Understanding with the Virginia Port Authority. In the event that the company fails to maintain the job number or cargo moving through The Port of Virginia during any of those three years, the company may be required to pay all or a portion of the grant back to the Virginia Port Authority.

A company that has received a grant from this fund may be eligible for a second grant if it locates or expands an additional facility in a separate location within the Commonwealth, creates at least 300 new permanent jobs, and increases cargo volumes through The Port of Virginia by at least 5%.

Please note, a company may not claim the Port of Virginia Economic and Infrastructure Development Grant, the Major Business Facility Jobs Tax Credit, or the International Trade Facility Tax Credit for the same jobs.

Virginia Port Authority

World Trade Center

101 W. Main Street

Norfolk, Virginia 23510

757.683.2115 | VEDP.org/incentive/pov-grant

Regional and Local Assistance

Tobacco Region Opportunity Fund

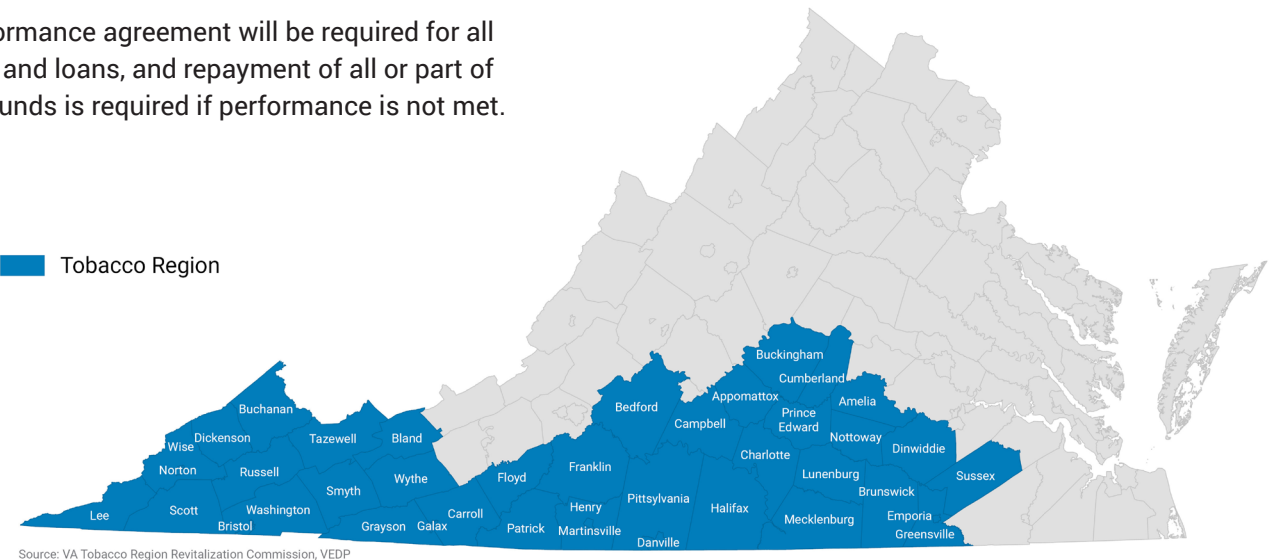
The Tobacco Region Opportunity Fund (TROF) provides performance-based monetary grants and loans to localities in Virginia’s tobacco-producing regions (34 counties and six cities in Southern and Southwest Virginia as defined by the Virginia Tobacco Region Revitalization Commission) to assist in the creation of new jobs and investments, whether through new business attraction or existing business expansion. These grants and loans are awarded at the Commission’s discretion.

The TROF program is intended to support the goal of the Commission to revitalize the economies of tobacco-dependent regions and communities. This goal is measured by job creation, workforce participation rate, wealth, diversity of economy, and taxable assets. Eligible projects must include a minimum private capital investment of \$1 million within 36 months (amount spent to acquire real estate will be counted as capital investment).

A performance agreement will be required for all grants and loans, and repayment of all or part of grant funds is required if performance is not met.

The Commission determines grant amounts based on local unemployment rates, prevailing wage rates, capital investment levels, industry type, and other factors determined by the Commission. Grants are limited to three per county per fiscal year. Applications from incorporated towns count against the county limit, but independent cities do not. An acknowledgment of the Commission must appear in any publication, announcement, or significant event related to the project.

Virginia Tobacco Region Revitalization Commission
701 East Franklin Street, Suite 501
Richmond, Virginia 23219
804.225.2027 | VEDP.org/incentive/tobacco-region-opportunity-fund-trof



Tobacco Region

Amelia	Buchanan	Danville	Galax	Lunenburg	Pittsylvania	Tazewell
Appomattox	Buckingham	Dickenson	Grayson	Martinsville	Prince Edward	Washington
Bedford	Campbell	Dinwiddie	Greensville	Mecklenburg	Russell	Wise
Bland	Carroll	Emporia	Halifax	Norton	Scott	Wythe
Bristol	Charlotte	Floyd	Henry	Nottoway	Smyth	
Brunswick	Cumberland	Franklin	Lee	Patrick	Sussex	

Regional and Local Assistance

Virginia Coalfield Economic Development Authority (Virginia's e-Region)

The Virginia Coalfield Economic Development Authority (VCEDA) works to enhance the economic base of Virginia's e-Region, the seven counties and one city of southwestern Virginia (Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, and Wise counties and the City of Norton). Virginia's e-Region focuses on electronic information technology, energy, education, emerging technologies, and existing industries.

VCEDA provides low-interest loans to qualified new or expanding businesses through its financing program. The loans may be used for real estate purchases, construction or expansion of buildings, and the purchase of machinery and equipment.

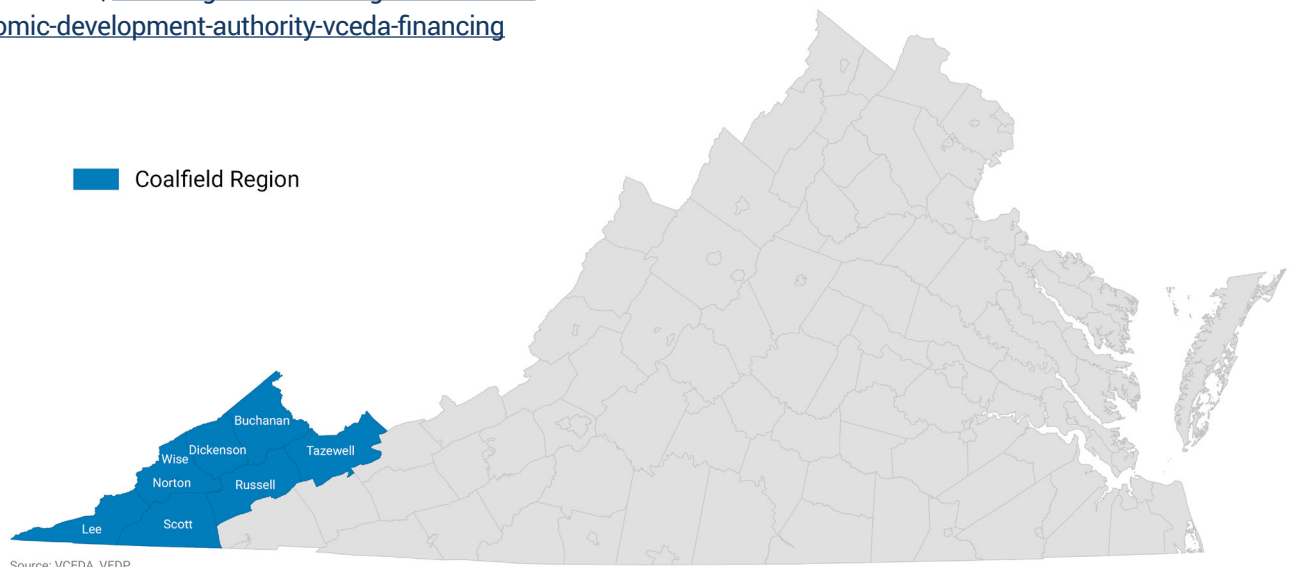
To be eligible for a VCEDA loan, private businesses must be basic employers that will bring new income to the area. Priority will be given to loans requiring \$10,000 - \$25,000 or less for each new full-time basic job created, depending upon wage rate. The average minimum hourly wage should equal or exceed 1.5 times the current federal minimum wage rate, or \$10.88. Any project providing at least 15 full-time jobs within 36 months of start-up will be given priority.

VCEDA also administers other funding programs designed to encourage economic development and diversification in Virginia's e-Region, including the Coalfield Regional Opportunity Fund. Eligibility requirements vary by program.

Virginia Coalfield Economic Development Authority

P.O. Box 1060, Lebanon, Virginia 24266

276.889.0381 | VEDP.org/incentive/virginia-coalfield-economic-development-authority-vceda-financing



Coalfield Region

Buchanan	Russell
Dickenson	Scott
Lee	Tazewell
Norton	Wise

Regional and Local Assistance

Virginia Enterprise Zone Program

The Virginia Enterprise Zone Program, administered by the Virginia Department of Housing and Community Development (DHCD), assists with business development and expansion in targeted areas throughout the state called enterprise zones. Virginia's Enterprise Zone Program offers two state incentives to qualified businesses and zone investors located in a Virginia Enterprise Zone. In addition to state incentives, each zone community offers additional local incentives to qualified businesses. In order to access Enterprise Zone incentives, companies must submit applications and all required attachments to DHCD by April 1st of each year.

Enterprise Zone Job Creation Grant

Qualified businesses in an enterprise zone are eligible for cash grants for permanent net, new jobs created over a four-job threshold. Qualifying jobs must offer health benefits and meet certain wage thresholds. Positions created over the four-job threshold that pay at least 1.75 times the federal minimum wage rate (\$12.69) are eligible for a maximum grant of \$500 per position per year for up to five years. Businesses in enterprise zone localities designated as high unemployment areas by DHCD can qualify for the \$500 grant using a lower wage threshold of 1.5 times the federal minimum wage (\$10.88). Positions that pay at least twice the federal minimum wage rate (\$14.50) are eligible for a maximum grant of \$800 per position per year for up to five years. Jobs with pay rates below these thresholds or without adequate health care benefits, as well as positions in retail, personal service, or food and beverage service, are not eligible for grants.

Grants are calculated based on the number of full months worked during a calendar year. In cases where a position is filled or is eligible for a grant for only a portion of the year, the grant is prorated based on the number of full months the position was filled and/or eligible for a grant. This applies to cases where there is a change in the wage rate, health benefits, or the federal minimum wage rate. Businesses must qualify for the grants above the four-job threshold annually.

A business can receive grants for a maximum of 350 jobs annually. Businesses may qualify for additional five-year grant periods with additional job creation. Business facilities located in an enterprise zone and electing to receive this grant are not eligible for the Major Business Facility Job Tax Credit for the same jobs.

Enterprise Zone Real Property Investment Grant

Qualified zone investors (entities and individuals) making a qualified investment in industrial, commercial, or mixed-use real property located within an enterprise zone are eligible for a cash grant. The grant is equal to 20% of the excess above the minimum required investment, up to a maximum of \$100,000 for companies investing \$5 million or less in qualified real property investments. For companies investing more than \$5 million, the maximum grant is equal to 20% of the excess above the minimum required investment, up to a maximum of \$200,000. Total grant awards may not exceed the maximums specified above within any five-year period for a specific building or facility. Investment in rehabilitation/expansion projects must equal at least \$100,000. New construction projects must invest at least \$500,000 in qualified real property investments.

Regional and Local Assistance

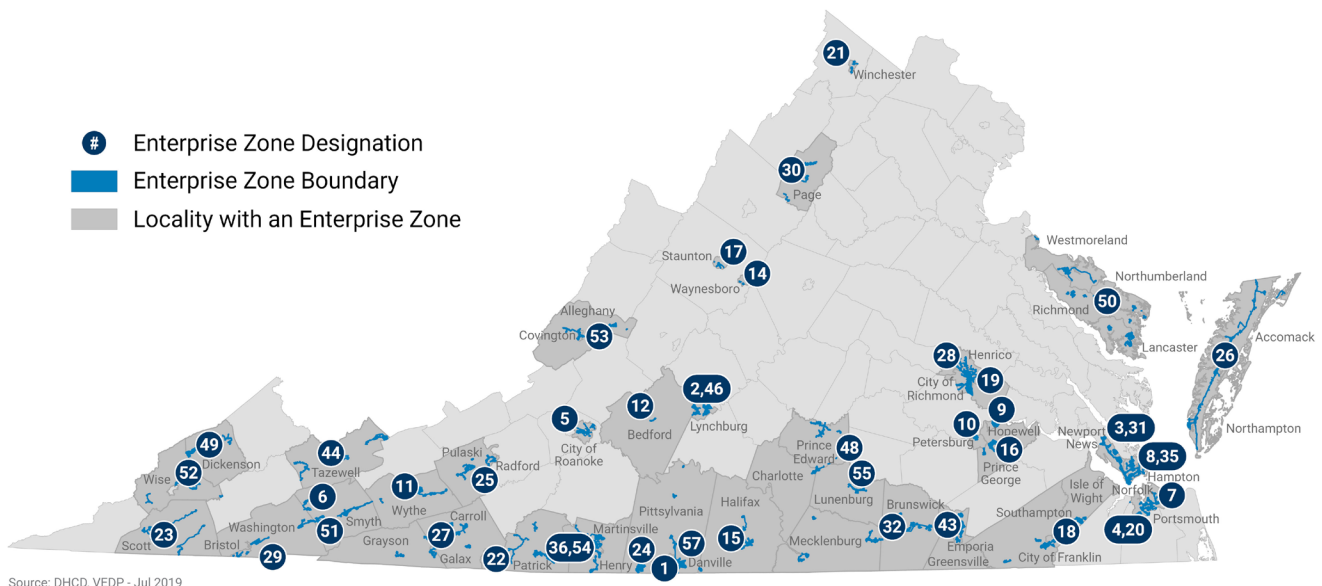
Note: State Enterprise Zone incentives are subject to proration if the grants requested exceed allocated statewide funding. The Job Creation Grant receives funding priority, and the Real Property Investment Grant is funded with the remaining balance.

Virginia Department of Housing and Community Development

600 E. Main Street, Suite 300

Richmond, Virginia 23219

804.371.7040 | ezone@dhcd.virginia.gov



Enterprise Zones

- | | | |
|-------------------------|---|---|
| 1 Danville | 18 Isle of Wight/Southampton/
City of Franklin | 44 Tazewell |
| 2,46 Lynchburg | 19 City of Richmond | 48 Charlotte/Lunenburg/
Prince Edward |
| 3,31 Newport News | 21 Winchester | 49 Dickenson/Clintwood/Haysi |
| 4,20 Portsmouth | 22 Patrick/Stuart | 50 Lancaster/Northumberland/
Richmond/Westmoreland/
Kilmarnock/Warsaw |
| 5 City of Roanoke | 23 Scott | 51 Smyth/Washington/
Chilhowie/Glade Spring |
| 6 Saltville/Smyth | 24 Pittsylvania | 52 Wise |
| 7 Norfolk | 25 Pulaski/Radford | 53 Alleghany/Covington/
Clifton Forge |
| 8,35 Hampton | 26 Accomack/Northampton | 55 Lunenburg/Kenbridge/Victoria |
| 9 Hopewell | 27 Carroll/Galax/Grayson | 57 Pittsylvania/Danville |
| 10 Petersburg | 28 City of Richmond/Henrico | |
| 11 Wythe | 29 Bristol | |
| 12 Bedford | 30 Page | |
| 14 Waynesboro | 36,54 Martinsville/Henry | |
| 15 Halifax/South Boston | 32 Brunswick/Mecklenburg | |
| 16 Prince George | 43 Emporia/Greenville | |
| 17 Staunton | | |

Foreign Trade Zones

Foreign trade zones (FTZ) allow businesses to defer paying U.S. Customs duties on imported goods held within the zones until the goods enter the United States for domestic consumption. No duties are paid if goods are re-exported. Companies also receive the benefit of not having to pay duties on broken or scrapped product. Businesses are allowed to store goods within foreign trade zones for an unlimited period of time. They are also allowed to manufacture products within zones and pay duties at the duty rate of either the foreign parts used or on the finished product, whichever is most advantageous to the company. Virginia offers six general-purpose FTZ, designated by the U.S. Department of Commerce. Each of Virginia's six FTZ are designated under the Alternative Site Framework (ASF) option, which allows greater flexibility when adding new zone operations as well as expedited FTZ Board applications. Any property within the ASF-designated area of a particular FTZ can obtain status as a usage-driven FTZ site. All zones provide space for storage, distribution, and light assembly operations. These zones are geographically dispersed around the state and include the following:

1. **Suffolk FTZ #20.** The Virginia Port Authority administers Virginia's first foreign trade zone. FTZ #20 is the most active in the state and has a service area that includes the counties of Accomack (partial), Gloucester, Isle of Wight, James City, Mathews, Northampton, Southampton, Sussex, Surry, and York, and the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg. Contact: Laura Godbolt—757.683.2135
2. **Washington Dulles FTZ #137.** Foreign trade zone #137 is located at Washington Dulles International Airport with two operators using the ASF-zones. The Grantee of FTZ #137 is Washington Dulles Foreign Trade Zone, Inc. Contact: Peggy Dyer—703.572.8714
3. **Culpeper FTZ #185.** Foreign trade zone #185 has a service area in Virginia that covers the counties of Culpeper, Greene, Madison, Orange, Page, Rappahannock, Shenandoah, and Warren. Contact: Phil Sheridan—540.727.3410
4. **Tri-Cities TN/VA FTZ #204.** Foreign trade zone #204 has a service area in Virginia covering the counties of Buchanan, Dickenson, Lee, Russell, Scott, Washington, and Wise and the cities of Bristol and Norton. The Grantee of FTZ #204 is the Tri-Cities Airport Authority. Contact: Mark Canty—423.367.2385
5. **Richmond FTZ #207.** Central Virginia's FTZ #207 includes on-airport warehousing options at the Richmond International Airport and over 100 acres available for development. Additional magnet sites are located in Ashland, Prince George, and South Hill. The approved ASF service area includes the counties of Amelia, Appomattox, Brunswick, Buckingham, Caroline, Charles City, Charlotte, Chesterfield, Cumberland, Dinwiddie, Essex, Greenville, Goochland, Hanover, Henrico, King and Queen, King George, King William, Lancaster, Lunenburg, Mecklenburg, Middlesex, New Kent, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond, Westmoreland, and the independent cities of Colonial Heights, Emporia, Hopewell, Petersburg, and Richmond. Contact: Russ Peaden—804.226.8520
6. **New River Valley Airport FTZ #238.** The New River Valley Economic Development Alliance administers Virginia's newest foreign trade zone. FTZ #238's service area encompasses 22 counties and nine cities in Southern, Central, and Southwest Virginia, and includes a 35 acre general-purpose zone at the New River Valley Airport in Dublin as well as a 200,000-square-foot warehouse on a 15-acre site in Pulaski. Contact: Tabitha Hodge—540.267.0007 x201

Regional and Local Assistance

U.S. Department of Commerce

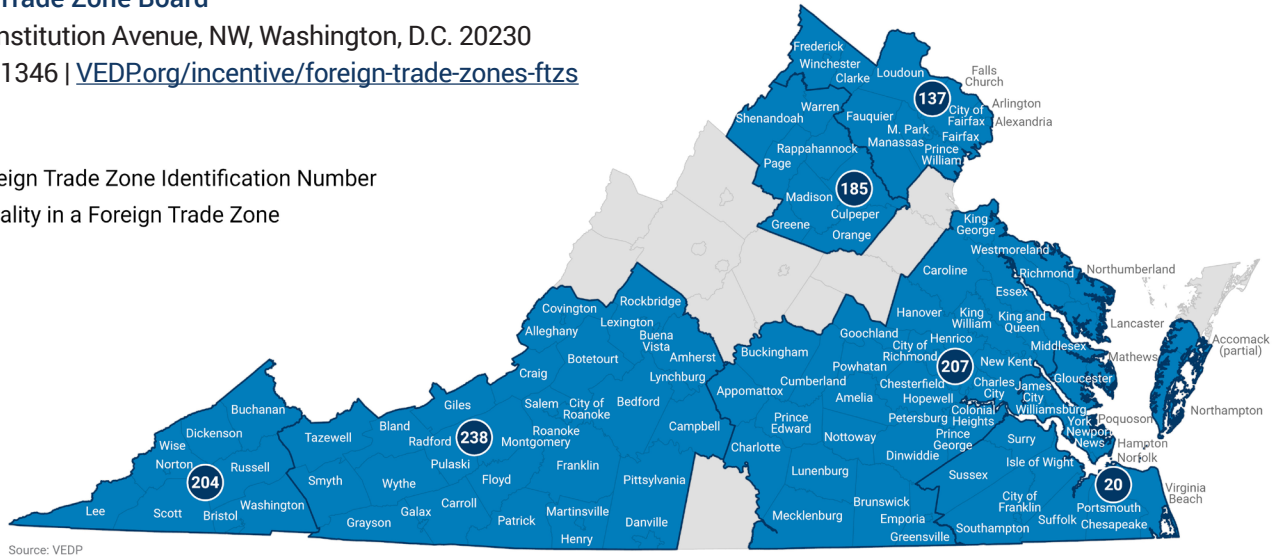
Foreign Trade Zone Board

1401 Constitution Avenue, NW, Washington, D.C. 20230

202.482.1346 | VEDP.org/incentive/foreign-trade-zones-ftzs

Foreign Trade Zone Identification Number

Locality in a Foreign Trade Zone



Source: VEDP

#204 Tri-Cities TN/VA

Bristol
Buchanan
Dickenson
Lee
Norton
Russell
Scott
Washington
Wise

#238 New River Valley Airport

Alleghany
Amherst
Bedford
Bland
Botetourt
Buena Vista
Campbell
Carroll
Covington
Craig
Danville
Floyd
Franklin
Galax
Giles
Grayson
Henry
Lexington
Lynchburg
Martinsville
Montgomery
Patrick
Pittsylvania
Pulaski
Radford
Roanoke
City of Roanoke
Rockbridge
Salem
Smyth
Tazewell
Wythe

#185 Culpeper

Culpeper
Greene
Madison
Orange
Page
Rappahannock
Shenandoah
Warren

#207 Richmond

Amelia
Appomattox
Brunswick
Buckingham
Caroline
Charles City
Charlotte
Chesterfield
Colonial Heights
Cumberland
Dinwiddie
Emporia
Essex
Goochland
Greensville
Hanover
Henrico
Hopewell
King and Queen
King George
King William
Lancaster
Lunenburg
Mecklenburg
Middlesex
New Kent
Northumberland
Nottoway
Petersburg
Powhatan
Prince Edward
Prince George
Richmond
City of Richmond
Westmoreland

#137 Washington Dulles

Alexandria
Arlington
Clarke
Fairfax
City of Fairfax
Falls Church
Fauquier
Frederick
Loudoun
Manassas
Manassas Park
Prince William
Winchester

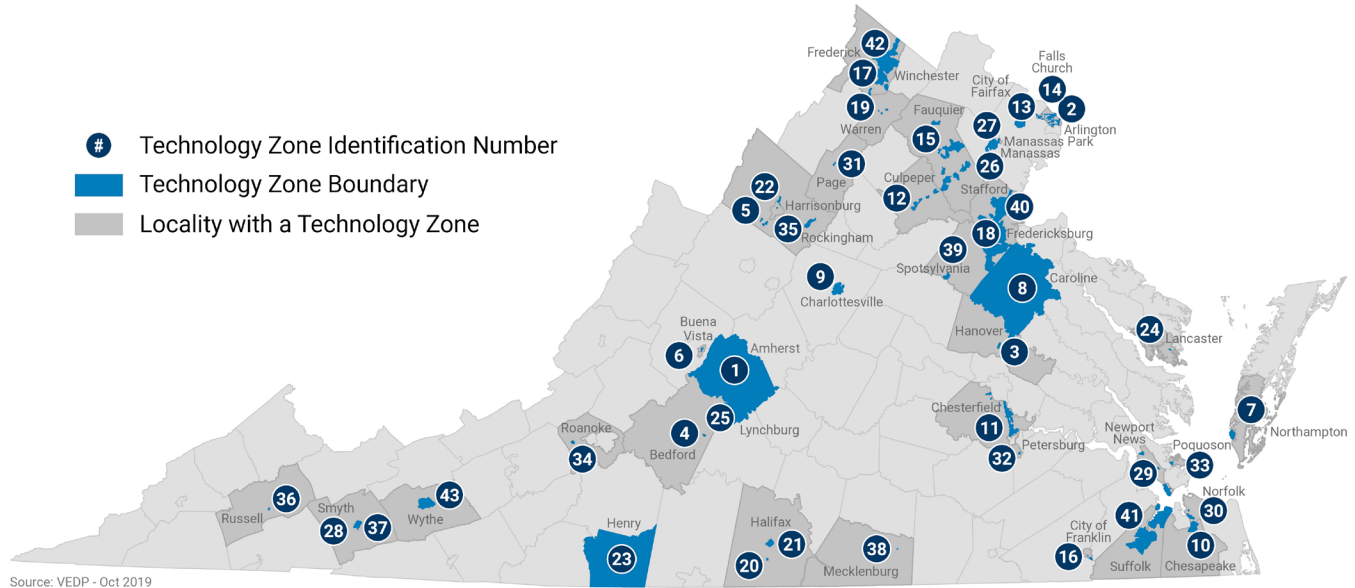
#20 Suffolk

Accomack (partial)
Chesapeake
City of Franklin
Gloucester
Hampton
Isle of Wight
James City
Mathews
Newport News
Norfolk
Northampton
Poquoson
Portsmouth
Southampton
Suffolk
Surry
Sussex
Virginia Beach
Williamsburg
York

Regional and Local Assistance

Technology Zones

Virginia cities, counties, and towns have the ability to establish, by ordinance, one or more technology zones to attract growth in targeted industries. Qualified businesses locating or expanding operations in a zone may receive local permit and user fee waivers, local tax incentives, special zoning treatment, or exemption from ordinances. Once a local technology zone has been established, incentives may be provided for up to 10 years. Each locality designs and administers its own program. The establishment of a technology zone shall not preclude the area from also being designated as an enterprise zone.



Technology Zones

- | | | | |
|------------------------|-------------------------------|-----------------------|-----------------------|
| 1 Amherst | 12 Culpeper | 23 Henry | 34 Roanoke County |
| 2 Arlington | 13 City of Fairfax | 24 Town of Kilmarnock | 35 Rockingham |
| 3 Town of Ashland | 14 Falls Church | 25 Lynchburg | 36 Russell |
| 4 Bedford | 15 Fauquier | 26 Manassas | 37 Smyth |
| 5 Town of Bridgewater | 16 City of Franklin | 27 Manassas Park | 38 Town of South Hill |
| 6 Buena Vista | 17 Frederick | 28 Town of Marion | 39 Spotsylvania |
| 7 Town of Cape Charles | 18 Fredericksburg | 29 Newport News | 40 Stafford |
| 8 Caroline | 19 Town of Front Royal/Warren | 30 Norfolk | 41 Suffolk |
| 9 Charlottesville | 20 Halifax | 31 Page | 42 Winchester |
| 10 Chesapeake | 21 Town of Halifax | 32 Petersburg | 43 Town of Wytheville |
| 11 Chesterfield | 22 Harrisonburg | 33 Poquoson | |

Regional and Local Assistance

Defense Production Zones

Virginia's cities, counties, and towns have the ability to establish, by ordinance, one or more defense production zones to attract growth in national defense-related businesses. Qualified businesses include:

- Service providers that support national defense, including, but not limited to, logistics and technical support
- Designers, developers, or producers of materials, components, or equipment required to meet the needs of national defense
- Companies deemed ancillary to or in support of the aforementioned categories

Establishment of a defense production zone allows localities to create special incentives and certain regulatory flexibility for qualified businesses locating or expanding operations in a zone. These incentives may include: a reduction of user and permit fees, a reduction of any type of gross receipts tax, special zoning treatment, permit process reform, exemption from local ordinances, or other incentives adopted by ordinance.

Once a defense production zone has been established, incentives may be provided for up to 20 years. Each locality designs and administers its own program. The establishment of a defense production zone shall not preclude the area from also being designated as an enterprise zone.

Fauquier County and the City of Manassas Park are currently the only localities to have established zones. Henrico County will create individual defense production zones based around individual projects on a case-by-case basis.

Virginia Collaborative Economic Development Performance Grant

The Virginia Collaborative Economic Development Performance Grant program is designed to encourage regional collaborative economic development initiatives.

Participating localities may enter into a CED plan identifying the commitments of the participating localities to implement a collaborative approach to economic development. A CED Grant is available to participating localities that can demonstrate that such an initiative led to a company's location or expansion in the participating localities and the company's creation of at least 200 new jobs and capital investment of at least \$25 million in the participating localities.

Participating localities may enter into a CED Plan which, among other things, identifies: (i) the type of collaboration - to implement general economic development and diversification efforts or to address a specific economic development need, including infrastructure and workforce training, of a company; and (ii) the commitments made by each of the participating localities – including the sharing of costs and local tax revenues and how CED Grants will be distributed among and used by the participating localities.

The CED Grant must be used for economic development activities aligned with the CED Plan.

Rail Industrial Access Program

The Rail Industrial Access Program provides funds to construct railroad tracks to new or substantially expanded industrial and commercial projects having a positive impact on economic development in Virginia.

In accordance with program guidelines, financial assistance to any one county, city, or town is limited to \$450,000 in any one fiscal year, and the locality may utilize the entire allocation for one project. The state program will provide a maximum of \$300,000 in unmatched funds. An additional \$150,000 is available if matched on a dollar-for-dollar basis.

Funds may be used to construct, reconstruct, or improve part or all of the necessary tracks and related facilities on public or private property. Funds may not be used for right-of-way acquisition or adjustment of utilities.

Each application must be accompanied by a resolution from the local governing body requesting the allocation of the funds.

Virginia Department of Rail and Public Transportation

600 East Main Street, Suite 2102

Richmond, Virginia 23219

804.513.1629

VEDP.org/incentive/rail-industrial-access-program

Transportation Partnership Opportunity Fund

The Virginia Department of Transportation (VDOT) administers the Transportation Partnership Opportunity Fund (TPOF), which may be used to address transportation aspects of economic development opportunities.

TPOF monies are awarded at the discretion of the Governor in the form of grants, revolving loans, or other financial assistance to an agency or political subdivision of the Commonwealth for activities associated with eligible transportation projects.

Projects that are developed with monies from TPOF do not become private property but become or remain public property following completion. The transportation improvements have to be completed according to VDOT standards and specifications and have to be maintained by the appropriate public entity pursuant to relevant agreements.

Virginia Department of Transportation

Director of Financial Planning Division

1401 East Broad Street

Richmond, Virginia 23219

VEDP.org/incentive/transportation-partnership-opportunity-fund-tpof

Economic Development Access Program

VDOT administers a program that assists localities in providing adequate road access to new and expanding manufacturing and processing companies, research and development facilities, distribution centers, regional service centers, corporate headquarters, government installations, and other basic employers with at least 51% of the company's revenue generated from outside the Commonwealth. The program may be used to:

- Improve existing secondary highway system roads and city streets to accommodate the anticipated additional and/or type of traffic generated by an eligible economic development site
- Construct a new road from a publicly maintained road to the new eligible establishment's primary entrance when no road exists

Access road construction is scheduled for completion simultaneously with the start-up of plant operations. The access road is not intended to serve as a haul road during plant construction. Before VDOT can act on a particular proposal, a resolution from the local governing body requesting the allocation of access road funds must be submitted to the department through the office of VDOT's local representative. The award amount is limited by the eligible capital investment of the company and the estimated cost of the access road.

In the event there is no new or expanding eligible establishment, a locality may request funding to provide adequate road access to eligible property under the program's option to bond the project until sufficient investment is established, warranting the cost for construction of the access road. Under this option, the locality must provide acceptable surety to VDOT and document eligible investment within the timeframe

specified, beginning with the approval of the project.

The maximum award for an economic development access road is \$500,000. However, the state will fund an additional \$150,000 if the estimated cost of the project justifies it, and the amount is matched on a dollar-for-dollar basis from sources other than those administered by the Commonwealth Transportation Board. Typically, the total yearly allocation to be utilized for projects approved under the Economic Development Access Program, Airport Access Program, and the Rail Industrial Access Program is \$5.5 million.

For project sites meeting the Major Employment and Investment (MEI) definition in §2.2-2260 of the Code of Virginia, a provision of the Economic Development Access Program allows a locality to receive up to the maximum \$500,000 unmatched and \$150,000 matched allocations for a design-only project. Furthermore, for these same MEI projects, the locality may receive up to a maximum allocation of \$500,000 unmatched (\$1 million over two years) and \$500,000 matched (\$1 million over two years) for an access road construction project with cumulative allocations for no more than two years. Including the matching funds from the locality, MEI sites may receive a total of \$3.8 million toward design and construction of an access road project.

Virginia Department of Transportation Director of Local Assistance Division

1401 East Broad Street
Richmond, Virginia 23219
804.786.2746

VEDP.org/incentive/economic-development-access-program

Corporate Income Tax

Virginia's corporate income tax is 6% and no unitary tax is levied on Virginia companies' worldwide profits. Corporations generally apportion their multistate income by using a three-factor formula that consists of a property factor, a payroll factor, and a double-weighted sales factor.

Virginia provides special apportionment formulas for certain motor carriers, financial corporations, construction corporations, railway companies, manufacturing companies, retail companies, and enterprise data centers. Of these, only the method that applies to manufacturing companies is optional. Manufacturing companies may elect to use a single factor apportionment based on sales to determine their Virginia taxable income.

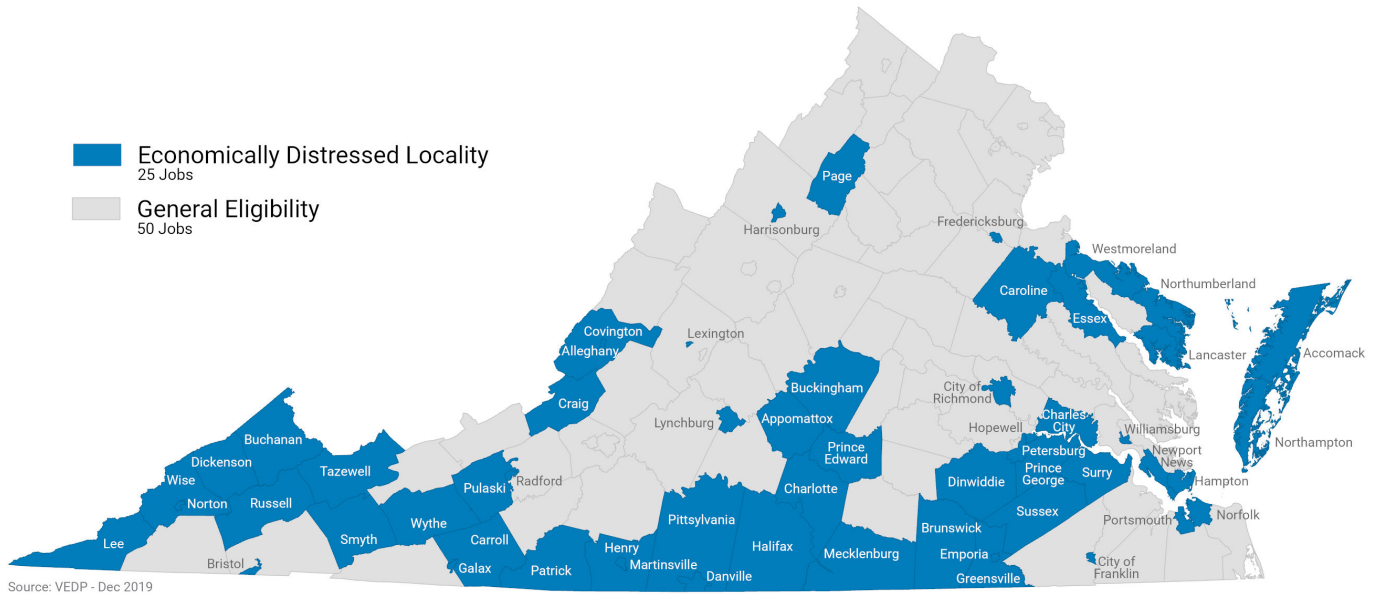
Corporate Income Tax Credits

Major Business Facility Job Tax Credit

Qualified companies locating or expanding in Virginia are eligible to receive a \$1,000 income tax credit for each new full-time job created over a threshold number of jobs beginning in the first taxable year following the taxable year in which the major business facility commenced or expanded its operations.

- Companies locating in enterprise zones or economically distressed areas are required to meet a 25-job threshold; all other locations have a 50-job threshold. The threshold number of jobs must be created within a 12-month period.
- The \$1,000 credit is available for all qualifying jobs in excess of the threshold and may be claimed in equal installments over two years (\$500 per year).
- Non-qualifying jobs include seasonal or temporary jobs, positions in building and grounds maintenance, security, positions ancillary to the principal activities of the facility, and/or a job created when a position is shifted from an existing location within the Commonwealth to the new major business facility.
- Credits are available for taxable years beginning before January 1, 2022. Unused credits may be carried over for up to 10 years.
- For jobs on the payroll for less than the full calendar year, the credit will be prorated.

Tax Incentives



Economically Distressed

Accomack	Craig	Harrisonburg	Northumberland	Russell
Alleghany	Danville	Henry	Norton	Smyth
Appomattox	Dickenson	Hopewell	Page	Surry
Bristol	Dinwiddie	Lancaster	Patrick	Sussex
Brunswick	Emporia	Lee	Petersburg	Tazewell
Buchanan	Essex	Lexington	Pittsylvania	Westmoreland
Buckingham	City of Franklin	Lynchburg	Portsmouth	Williamsburg
Caroline	Fredericksburg	Martinsville	Prince Edward	Wise
Carroll	Galax	Mecklenburg	Prince George	Wythe
Charles City	Greensville	Newport News	Pulaski	
Charlotte	Halifax	Norfolk	Radford	
Covington	Hampton	Northampton	City of Richmond	

Refundable Research and Development Expenses Tax Credit

For taxable years beginning before January 1, 2022, businesses may claim a tax credit equal to 15% of the first \$300,000 (\$45,000) in qualified research and development expenses incurred during the taxable year in Virginia; or they may claim a tax credit equal to 20% of the first \$300,000 (\$60,000) in qualified research and development expenses if the qualified research was conducted in conjunction with a Virginia college or university.

Effective for taxable years on or after January 1, 2016, a taxpayer may elect to calculate the credit using an alternative, simplified method. Under such method, the credit is equal to 10% of the difference between the qualified research and development expenses paid or incurred by the taxpayer during the taxable year and 50% of the average qualified research and development expenses paid or incurred by the taxpayer for the three years immediately preceding the taxable year for which the credit is being determined. If no qualified research and development expenses were incurred in any one of the previous three years, then the credit is equal to 5% of the qualified research and development expenses paid or incurred during the relevant taxable year. Regardless of calculation method, the credit shall not exceed \$45,000 for any year. The exception is if the research is conducted in conjunction with a Virginia college or university. In this case, the credit may not exceed \$60,000.

Tax Incentives

If the amount of the credit allowed exceeds the taxpayer's tax liability, the amount that exceeds the tax liability shall generally be refunded to the taxpayer. There is a statewide cap of \$7 million per fiscal year. If applications for credits total less than \$7 million, then the remaining balance of credits will be prorated among applicants, up to double the amount of their credits. Conversely, if applications for credits exceed \$7 million, applicants' credits will be prorated.

Major Research and Development Expenses Tax Credit

For taxable years beginning on or after January 1, 2016, but before January 1, 2022, a taxpayer that incurs more than \$5 million of qualified research and development expenses in Virginia during a taxable year may claim the Major Research and Development Expenses Tax Credit. The credit is equal to 10 percent of the difference between the qualified research and development expenses paid or incurred by the taxpayer during the taxable year and 50 percent of the average qualified research and development expenses paid or incurred by the taxpayer for the three taxable years immediately preceding the taxable year for which the credit is being determined. If no qualified research and development expenses were incurred in any one of the previous three years, then the credit is equal to 5% of the qualified expenses paid or incurred during the relevant taxable year.

The amount of the credit allowed may not exceed 75% of the total amount of income tax imposed upon the taxpayer for the taxable year. Any remaining credit amount may be carried forward for the next 10 taxable years.

The credit is capped at \$20 million per taxable year. If the total eligible credit requests exceed the \$20 million credit cap for all credits, each taxpayer will be granted a prorated amount of credits. No taxpayer with Virginia qualified research and development expenses in excess of \$5 million may claim both the Refundable Research and Development Expenses Tax Credit and the Major Research and Development Expenses Tax Credit for the same taxable year.

Recyclable Materials Processing Equipment Tax Credit

An income tax credit is available to manufacturers for the purchase of certified machinery and equipment used for processing recyclable materials in taxable years beginning before January 1, 2020. The credit is equal to 20% of the purchase price paid during the taxable year for the machinery or equipment. For purposes of determining the purchase price paid, a taxpayer may use the original total capitalized cost of such machinery and equipment, less capitalized interest. In any taxable year, the amount of credit allowed cannot exceed 40% of the company's Virginia income tax liability before the credit. The unused amount of the credit may be carried over for 10 years. The Virginia Department of Environmental Quality (DEQ) must certify that the eligible equipment is integral to the recycling process before a taxpayer may claim this credit. For taxable years beginning on or after January 1, 2015, the credit is subject to a \$2 million cap per fiscal year. To apply for certification, a taxpayer must submit a completed application to DEQ by March 1st of the year following the year it purchased the machinery or equipment. To apply for an allocation of credits, a taxpayer must submit a completed application to the Department of Taxation by June 1st of the year following the year it purchased the machinery or equipment.

Worker Retraining Tax Credit

Virginia employers will be eligible to receive an income tax credit equal to 30% of all expenditures made by the employer for eligible worker retraining. If the eligible worker retraining consists of courses at a private school, the credit is equal to the cost per qualified employee, up to \$200 per qualified employee annually, or \$300 per qualified employee annually if the eligible worker retraining includes retraining in a STEM or STEAM discipline. The credit has a statewide spending cap of \$2.5 million in any fiscal year. Eligible worker retraining consists of noncredit courses at Virginia community colleges and private schools, certified by the VEDP, or retraining programs through apprenticeship agreements approved by the Commissioner of Labor and Industry.

Green Job Tax Credit

For taxable years beginning before January 1, 2018, a taxpayer will be allowed a credit against the Virginia personal or corporate income tax for each new green job created within the Commonwealth by the taxpayer. The amount of the annual credit for each new green job will be \$500 for each annual salary that is \$50,000 or more. The credit will be first allowed for the taxable year in which the job has been filled for at least one year and for each of the four succeeding taxable years, provided that the job is continuously filled during the respective taxable year. Each qualifying taxpayer may claim the credit for up to 350 green jobs.

A “green job” means employment in industries relating to the field of renewable, alternative energies, including the manufacture and operation of products used to generate electricity and other forms of energy from alternative sources that include hydrogen and fuel cell technology, landfill gas, geothermal heating systems, solar heating systems, hydropower systems, wind systems, and biomass and biofuel systems.

The amount of the credit may not exceed the total amount of Virginia income tax for the taxable year in which the green job was continuously filled. If the amount of credit allowed exceeds the taxpayer’s tax liability for such taxable year, the amount that exceeds the tax liability may be carried over for credit against the income taxes of the taxpayer in the next five taxable years or until the total amount of the tax credit has been taken, whichever is sooner.

If the taxpayer is eligible for the Green Job Creation Tax Credit and creates green jobs in an enterprise zone, such taxpayer may also qualify for the benefits under the Enterprise Zone Job Grant Program. The taxpayer may not, however, claim this Green Jobs Tax Credit in addition to a Major Business Facility Job Tax Credit, nor a federal tax credit for investments in manufacturing facilities for clean energy technologies that would foster investment and job creation in clean energy manufacturing.

Port Volume Tax Credit

Prior to January 1, 2022, a taxpayer that is an agricultural entity, manufacturing-related entity, or mineral and gas entity that uses port facilities in the Commonwealth and increases its port cargo volume at these facilities by a minimum of 5% in a single calendar year over its base year is eligible to claim a credit against its income tax liability. The amount of the credit is generally equal to \$50 for each 20-foot equivalent unit (TEU), one unit of roll-on/roll-off

Tax Incentives

cargo, or 16 net tons of non-containerized cargo above the base year port cargo volume, as applicable, transported through a port facility during a major facility's base year. For purposes of calculating the credit amount, one TEU is equivalent to 16 net tons of non-containerized cargo or one unit of roll-on/roll-off cargo. The Virginia Port Authority may waive the requirement that port cargo volume be increased by a minimum of 5% over base year port cargo volume for any taxpayer that qualifies as a major facility.

The maximum amount of tax credits allowed to all qualifying taxpayers pursuant to this section may not exceed \$3.2 million for each calendar year. If the credit exceeds the taxpayer's tax liability for the taxable year, the excess amount may be carried forward and claimed against income taxes in the next five succeeding taxable years. If applications for credits total less than \$3.2 million, then the remaining balance of credits will be prorated among applicants. Conversely, if applications for credits exceed \$3.2 million, applicants' credits will be prorated.

International Trade Facility Tax Credit

A Virginia taxpayer is allowed a credit against its income tax liability if the taxpayer is engaged in port-related activities, uses maritime port facilities located in the Commonwealth, increases the amount of cargo transported through Virginia maritime port facilities by at least 5%, and either hires new qualified full-time employees or makes a capital investment to facilitate increased qualified trade activities. The amount of the credit earned is equal to either \$3,500 per new qualified full-time employee or 2% of the new capital investment made by the taxpayer. The amount of the credit allowed shall not exceed 50% of the tax imposed for the taxable year. Any remaining credit amount may be carried forward for the next 10 taxable years. The fund is capped on a fiscal year basis at \$1.25 million, and credits may be prorated if the fund is oversubscribed. The credit is scheduled to expire for taxable years beginning on and after January 1, 2022. No taxpayer may claim the International Trade Facility Tax Credit, the Port of Virginia Economic and Infrastructure Development Grant, or the Major Business Facility Job Tax Credit for the same jobs.

Barge and Rail Usage Tax Credit

A company that is an international trade facility, as defined under the Barge and Rail Usage Tax Credit, that transports cargo through Virginia ports by barge or rail, rather than by trucks or other motor vehicles on the Commonwealth's highways, is allowed a credit against its income tax liability. The amount of the credit is \$25 per 20-foot equivalent unit (TEU), or 16 tons of non-containerized cargo, or one unit of roll-on/roll-off cargo moved by barge or rail. The credit has a spending cap of \$500,000 per fiscal year. Unused credits may be carried forward for five years. The credit is scheduled to expire for taxable years beginning on and after January 1, 2022.

New Company Incentive Program

Eligible Companies looking to establish a new presence in Virginia are offered a modified state corporate income tax and potential access to a grant or loan from the Commonwealth's Development Opportunity Fund (COF). Eligible companies in traded sector industries that have no payroll or property in Virginia prior to January 1, 2018 will pay zero percent (0%) corporate state income tax on the income associated with their new Virginia presence. To be eligible the company must

Tax Incentives

on or after January 1, 2018, but before January 1, 2025, either (a) spend at least \$5 million in new real property capital investment in a qualified locality and create at least 10 new jobs in a qualified locality, or (b) create at least 50 new jobs in a qualified locality. Each new job must pay at least 150% of the Virginia minimum wage. The tax benefits will be available to eligible companies for six years. Access to the COF will depend on a variety of factors when the business becomes an eligible company, including a return on investment analysis and the availability of funds in the COF, but will not exceed \$2,000 per new job per year for six years, which funds must be split between the eligible company and its employees.

A Qualified Locality means a localities where companies can apply for the exemption, and are: County of Accomack, Alleghany, Amelia, Appomattox, Bland, Brunswick, Buchanan, Buckingham, Caroline, Carroll, Charlotte, Craig, Cumberland, Dickenson, Dinwiddie, Essex, Giles, Gloucester, Grayson, Halifax, Henry, King and Queen, King William, Lancaster, Lee, Lunenburg, Mathews, Mecklenburg, Middlesex, Northampton, Page, Northumberland, Nottoway, Patrick, Pittsylvania, Prince Edward, Richmond, Russell, Scott, Smyth, Tazewell, Washington, Westmoreland, Wise, or Wythe; or the City of Bristol, Danville, Galax, Martinsville, Norton, or Petersburg.

A Qualified Development Site means, real property that is in a locality adjacent to a Qualified Locality and, before January 1, 2018, either (i) was owned or partly owned by a qualified locality or an industrial development authority of which a qualified locality is a member or (ii) was owned or partly owned by a locality or industrial development authority, was leased to a private party, and was subject to a revenue-sharing agreement providing that a portion of the revenues from the lease would be distributed to a qualified locality.

Virginia Department of Taxation

Tax Credit Unit

P.O. Box 715

Richmond, Virginia 23218-0715

804.786.2992

VEDP.org/incentives#taxincentives

Property Tax Incentives

Virginia does not tax property at the state level; real estate and tangible personal property are taxed at the local level. Moreover, Virginia differs from most states in that its counties and cities are separate taxing entities. A company pays either county or city taxes, depending on its location. If the company is located within the corporate limits of a town, it pays town taxes as well as county taxes. In addition, Virginia localities do not have separate school district taxes.

Virginia does not tax intangible property, which includes:

Manufacturers' inventory; manufacturers' furniture and fixtures; certified pollution control facilities and equipment; and solar energy equipment, facilities, and devices that collect, generate, transfer, or store thermal or electric energy.

Localities have the option to fully or partially exempt the following property from taxation:

Certified recycling equipment; rehabilitated commercial/industrial real estate for up to 15 years; manufacturers' generating and co-generating equipment; certified solar energy devices; and environmental restoration sites (eligible real estate in the Virginia Voluntary Remediation Program).

Localities may elect to tax the following tangible personal and real property at reduced rates:

Research and development tangible personal property; equipment used for biotechnology research, development, and production; semiconductor manufacturing machinery and tools; computer hardware and peripherals; aircraft; clean-fuel vehicles; tangible personal property used in the provision of certain internet services; tangible personal property owned by qualifying businesses in their first two taxable years; and energy-efficient buildings.

Sales and Use Tax Exemptions

Virginia's combined state and local sales and use tax is 5.3% (4.3% state tax and 1.0% local tax). An additional regional sales tax is imposed in the Hampton Roads and Northern Virginia regions at a rate of 0.7%, for a total 6.0% rate. A seller is subject to a sales tax imposed on gross receipts derived from retail sales or leases of tangible personal property, unless the retail sales or leases are specifically exempt by law. When a seller does not collect the sales tax from the purchaser, the purchaser is required to pay a use tax on the purchase, unless the use of the property is exempt. Some important exemptions include:

- Manufacturers' purchases used directly in production, including machinery, tools, spare parts, industrial fuels, and raw materials
- Items purchased for resale by distributors
- Certified pollution control equipment and facilities
- Custom computer software
- Utilities delivered through lines, pipes, or mains
- Purchases used directly and exclusively in research and development in the experimental or laboratory sense
- Most film, video, and audio production-related purchases
- Machinery, tools, and equipment of a public corporation used to generate energy derived from sunlight or wind
- Charges for internet access and sales of software via the internet
- Purchases used directly and exclusively in activities performed in cooperation with the Virginia Commercial Space Flight Authority
- Semiconductor clean rooms or equipment and other tangible personal property used primarily in the integrated process of designing, developing, manufacturing, or testing a semiconductor product
- Computer equipment purchased or leased for the processing, storage, retrieval, or communication of data in large data centers (requires a minimum capital investment, job creation, and wage level to qualify)
- Machinery, tools, equipment, and materials used by a licensed brewer in the production of beer and materials such as labels and boxes for use in packaging and shipment for sale

Virginia Department of Taxation Office of Customer Services

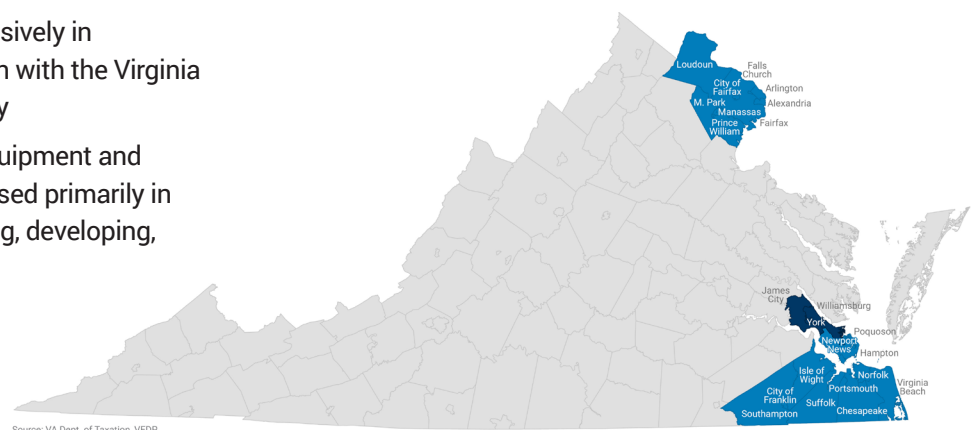
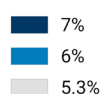
P.O. Box 1115

Richmond, Virginia 23218-1115

804.367.8037

www.tax.virginia.gov/content/sales-and-use-tax

Combined State & Local Sales & Use Tax



7% Combined Tax

James City
Williamsburg
York

6% Combined Tax

Alexandria
Arlington
Chesapeake
Fairfax
City of Fairfax
Falls Church
City of Franklin

Hampton
Isle of Wight
Loudoun
Manassas
Manassas Park
Newport News
Norfolk

Poquoson
Portsmouth
Prince William
Southampton
Suffolk
Virginia Beach

Recruitment and Training Incentives

Virginia Jobs Investment Program

The Virginia Jobs Investment Program (VJIP) provides customized recruiting and training services to companies creating new jobs or experiencing technological change. As a business development incentive supporting economic development efforts throughout Virginia since 1965, the program reduces the human resource development costs of new and expanding companies throughout the Commonwealth. VJIP offers consulting services and funding in support of a company's workforce development efforts. Funding is provided as cash reimbursements and is performance-based. No funds are disbursed to participating companies until eligible positions have been filled for at least 90 days or retraining efforts have been completed, and capital investments have been made.

Eligibility for assistance in any of the VJIP program offerings is limited to basic sector businesses that directly or indirectly derive 51% or more of their revenues from out of state sources. The project's average wage compared to the prevailing average wage of the locality, among other criteria, is considered when determining the VJIP grant amount. Only full-time jobs paying at least 135% of the federal minimum wage and qualifying for benefits are eligible for funding.

Virginia New Jobs Program

The New Jobs Program is a vital part of the Commonwealth of Virginia's economic development efforts, providing services and funding to offset the cost of recruiting and training new workers. The program targets expansions of existing companies or new facility locations that involve competition with other states or countries. Expansions of existing companies or new company locations must create a minimum of 25 net, new jobs within 12 months from the date of the first hire and make a new capital investment of at least \$1 million.

Small Business New Jobs Program

The Small Business New Jobs Program supports Virginia companies that have 250 employees or less company-wide. The program provides services and funding to small businesses to offset the cost of recruiting and training new workers. For the Small Business New Jobs Program, the business must create a minimum of five net, new jobs within 12 months from the date of first hire and make a new capital investment of at least \$100,000.

Workforce Retraining Program

Note: The Workforce Retraining Program is currently suspended, however Virginia may have other programs to address your needs.

The Workforce Retraining Program provides services and funding to assist in upgrading the skills of existing workers. To be eligible for assistance, a company must demonstrate it is undergoing an integration of new technology in its production processes, changing product lines in keeping with marketplace demands, or substantially changing service delivery processes requiring an assimilation of new skills and technological capabilities. Companies that have over 250 employees company-wide must have a minimum of 10 full-time employees needing to be retrained, and a new capital investment of at least \$500,000 is required as the catalyst for the project. Companies that have less than 250 employees company-wide must have a minimum of five employees needing to be retrained and a capital investment of at least \$50,000.

Virginia Jobs Investment Program

Virginia Economic Development Partnership

901 E. Cary Street, Suite 900, Richmond, Virginia 23219

tstuller@vedp.org | 804.971.7447

VEDP.org/incentive/virginia-jobs-investment-program-vjip

Recruitment and Training Incentives

Virginia Community Colleges

Virginia's community colleges are well-positioned to align education and economic development to extend workforce development courses, training, and programs into the community. The Commonwealth's 23 community colleges prepare a workforce able to respond to new and expanding businesses and industries. Community colleges serve employers through open enrollment courses that allow emerging or incumbent employees to upgrade their skills. Community colleges also offer customized training services that provide employers with tailored training programs that meet specific training needs at a significant value. The result is a workforce that is better prepared to quickly meet changing workplace demands, ensuring that employers are better able to provide direct benefit to their community and economy.

Open Enrollment

These short-term courses are open to the general public and give workers and job seekers an opportunity to develop and enhance workplace skills and prepare for industry-recognized certifications. Often, by taking these open enrollment courses, workers are able to take on more responsibilities at work, and businesses become more productive and efficient. Open enrollment classes are delivered in the classroom or offered online.

Career Readiness Certificate

The Career Readiness Certificate (CRC) provides employers with a standardized measurement tool to assess workplace skills of potential candidates and current employees to match the right person to the right job, reducing turnover and increasing productivity. WorkKeys® simplifies hiring by streamlining the application process and reduces

training time and increases skill levels of existing employees. The CRC, based on the ACT WorkKeys® job skills assessment system, is available at Virginia's community colleges. To date, nearly 104,000 CRCs have been issued in Virginia. For more information about the CRC please visit www.vccs.edu/crc.

Customized Training

Virginia's community colleges further serve employers by identifying training needs, delivering training, and assessing training results. Customized training is convenient for the employer – delivered at the business or the college on a schedule to meet the business's needs. By taking advantage of these responsive, cost-effective, and flexible programs, employers see improvement in productivity and company growth – an immediate benefit that gives them a competitive edge. Workforce development training services offer open enrollment and customized training focusing on but not limited to:

- Business and professional development: project management, communications, human resources, and customer service
- Technical skills: cybersecurity, networking, web programming, and online marketing
- Health and wellness knowledge: medical coding, certified nurse assistant, medication aide, and pharmacy technician
- Manufacturing and trade skills: plumbing, HVAC, electrical, welding, advanced manufacturing, and industrial maintenance mechanics
- Logistics and transportation: commercial driver's license, logistician technician, and engine repair

Virginia Community College System Workforce Development Services

300 Arboretum Place, Suite 200
Richmond, Virginia 23236
804.819.4985 | www.vccs.edu/workforce

Recruitment and Training Incentives

Virginia Registered Apprenticeship Program

The Virginia Registered Apprenticeship Program partially reimburses eligible sponsors (employers) for certain costs of related instruction. The incentive funding is available to private industry sponsors in the specific fields of professional and business services, information technology, and cybersecurity.

State and local government entities have access to the incentive reimbursements for related instruction in any occupation. The Registered Apprenticeship Program benefits these entities by allowing them to better recruit, retain, and strengthen the skills of workers beginning their public service careers.

The Registered Apprenticeship Program is administered by the Virginia Department of Labor and Industry's (DOLI) Registered Apprenticeship Division.

DOLI may reimburse the sponsor, up to a maximum of \$1,000 annually, per apprentice, for a maximum of 10 apprentices. Reimbursement is not guaranteed and is subject to available funding on a first-come, first-serve annual basis after the apprentice has successfully completed the coursework.

**Virginia Department of Labor and Industry
Registered Apprenticeship Division
Main Street Centre**

600 East Main Street, Suite 207
Richmond, Virginia 23219
804.371.2327

www.DOLI.virginia.gov/apprenticeship/brochure

New Economy Workforce Credential Grant Program

Established in 2016, the New Economy Workforce Credential Grant is a pay-for-performance workforce training program to support career paths to high-demand occupations that require training that leads to industry-based certifications. Institutions eligible for the program include community colleges and higher education centers in Virginia. The grants can be used for training programs that align with high-demand occupational fields as identified by the Virginia Board for Workforce Development and lead to an industry certification.

The pay-for-performance model provides funding to cover up to two-thirds of the cost of the training program. A student pays one-third of the program upon enrollment in the training program.

If the student completes the training program, the fund reimburses the training provider with one-third of the cost, up to \$1,500. If the student does not complete the training, then the student is responsible for paying an additional one-third of the cost of the program. The final one-third of the cost of the program, up to \$1,500, is paid to the training provider when the student completes the industry credential.

**State Council of Higher Education for Virginia
James Monroe Building**

101 North 14th Street, 10th Floor
Richmond, Virginia 23219
804.225.2600

www.elevatevirginia.org/wcg

Recruitment and Training Incentives

The Workforce Innovation and Opportunity Act

The Workforce Innovation and Opportunity Act (WIOA) provides federal funding for employment and training activities to enhance productivity and competitiveness. Through statewide and local workforce investment systems, WIOA attempts to increase employment, retention, skill levels, credential attainment, and earnings. In Virginia, the WIOA is administered at the state level by the Virginia Community College System. At the local level, workforce boards appointed by local elected officials oversee the program.

Through the one-stop service delivery network established by WIOA, available employment and training services include:

For Employers:

- Assistance in finding qualified workers, including interview facilities
- Information on and referral to business start-up, retention, and expansion services
- Information and access to a variety of training-related resources to provide for a skilled workforce
- Information on labor markets, workplace accommodations, and tax credits for new hires

Some of the specific training options of value to employers funded by WIOA include:

- On-the-job training (OJT), which allows the employer to be reimbursed for up to 75% of the participant's wage rate to compensate for employer costs during training depending on Local Workforce Development Board Policy
- Customized training, which allows up to 75% of an employer's training costs to be covered by WIOA funds for training designed to meet the needs of an employer, or group of employers, if there is a commitment to employ or retain individuals at the completion of training depending on Local Workforce Development Board Policy
- Incumbent worker training, which provides the opportunity to upgrade skills of the existing workforce

For Individuals:

- Job, career, and skill self-assessment tools and assessment services
- Information about and access to a variety of educational and training resources to enhance skill levels and make individuals either work-ready or provide opportunities for advancement along their career pathway
- Information about and access to other supportive services that can help guarantee success while in educational or training programs

The majority of WIOA funding is passed directly to 15 local workforce development areas for direct service delivery. In addition, WIOA funds at the state level can assist businesses with layoff aversion strategies and fund rapid-response services to workers affected by plant closings and other dislocations.

Virginia Community College System

Mindy C. Fast, Workforce Development Services

300 Arboretum Place, Suite 200, Richmond, Virginia 23236

804.819.4985 | www.vccs.edu/workforce

Management and Technical Support

International Trade

VEDP's Division of International Trade helps Virginia companies sell manufactured goods and services to markets around the world. International Trade annually serves 300+ Virginia companies. It maintains offices across the state and offers a global network of on-call consultants in over 75 countries.

Through the Virginia Leaders in Export Trade (VALET) program, International Trade works with companies to accelerate their international sales into international markets. Since its inception, over 250 companies representing a wide cross-section of industries have been accepted into and graduated from the VALET program.

Through the Going Global Defense Program, International Trade assists Virginia's defense-related companies with entering international markets. Over 300 companies have been assisted in this program. International trade maintains a Global Network of consultants in over 75 countries who provide international market research and set up one-on-one meetings with prospective clients for Virginia exporters. International trade conducts more than 15 international trade missions and trade shows annually to introduce Virginia products and services to global markets.

Virginia Economic Development Partnership International Trade

901 E. Cary Street, Suite 900
Richmond, Virginia 23219-0798
804.545.5750 | ExportVirginia.org

The Virginia Small Business Development Center Network

The Virginia Small Business Development Center Network (SBDC) provides business advising, training, and information resources to help grow and strengthen Virginia businesses. SBDC professionals assist with business planning, marketing, financial analysis, access to capital, exporting, innovation commercialization, and business start-up issues. For established firms, emerging companies, or aspiring entrepreneurs, the SBDC is where business comes to talk business. Advising is provided at no cost.

The SBDC Network is the most extensive business development program in Virginia, with 28 centers across the state. The Network is a partnership between the U.S. Small Business Administration, George Mason University's Mason Enterprise Center, and local sponsors, including universities, community colleges, chambers of commerce, municipalities, and economic development organizations.

Virginia SBDC Network
George Mason University - Mason Enterprise Center
4031 University Drive, Suite 100
Fairfax, Virginia 22030
703.277.7703 | www.virginiاسبdc.org

Management and Technical Support

Center for Innovative Technology

The Center for Innovative Technology (CIT) has been accelerating innovation, technology, and technology-based economic development opportunities and strategies for Virginia since 1984. CIT carries out its mission through three service lines: CIT Entrepreneur, CIT R&D, and CIT Broadband. Through all these activities, CIT leverages public and private sector investments to develop Virginia's new innovation economy that is creating high-growth companies and sustainable job growth.

CIT Entrepreneur: Access to Capital

Because the availability of early-stage capital is critical for many emerging technology companies, CIT offers the CIT GAP Funds and Federal Funding Assistance Program. The CIT GAP Funds make seed-stage equity investments in Virginia-based technology, green technology, and life science companies with high growth potential. The GAP Funds are overseen by CIT, private sector experts, and the Investment Advisory Board, which conduct thorough due diligence on the companies before making investments.

CIT's Federal Funding Assistance Program (FFAP) identifies and accelerates opportunities for Virginia's small technology businesses to obtain Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) funding from 11 federal agencies. CIT hosts low-cost workshops, webinars, mentoring, expert consultant support, and small proposal development grants for Virginia-based firms and university researchers.

CIT R&D: Strategic Investments in Research Commercialization

The CIT R&D team facilitates commercialization of research and brings together public and private

sector teams to develop and deploy marketable solutions. They manage the Commonwealth Research Commercialization Fund (CRCF), which invests in research and commercialization at Virginia colleges and universities, companies, federal labs, and other research institutions in their efforts to advance technology and drive economic growth in the Commonwealth. In the years since the program's inception in FY2012, the CRCF has awarded funding to more than 230 projects. Closely aligned with the CRCF in driving economic growth are the Commonwealth Research and Technology Strategic Roadmap (Roadmap) and the Innovation and Entrepreneurship Measurement System (IEMS). The Roadmap is a strategic planning tool that identifies key industry sectors with commercial promise that are worthy of institutional focus and economic development for Virginia. The IEMS is a web-based portal that uses key metrics and outcomes to track the performance of Virginia's innovation economy.

CIT Broadband: New Infrastructure for the New Innovation Economy

CIT Broadband is the only resource in Virginia that works comprehensively to establish broadband infrastructure, accelerating the socioeconomic growth of Virginia's rural and underserved areas. CIT Broadband is an honest broker between providers and customers, a trusted resource for localities, a market analyst, and an advocate for broadband adoption and use.

Center for Innovative Technology
2214 Rock Hill Road, Suite 600
Herndon, Virginia 20170
703.689.3000 | www.cit.org

Virginia Small Business Financing Authority

The Virginia Small Business Financing Authority (VSBFA) provides small businesses and communities with debt financing resources for business formation and expansion. VSBFA's definition of "small" business is \$10 million or less in annual revenues over each of the last three years; or a net worth of \$2 million or less; or fewer than 250 employees in Virginia; or qualification as a 501(c)(3) nonprofit entity.

Industrial Development Bonds (IDB)

The VSBFA issues tax-exempt and taxable bonds to provide qualifying businesses and 501(c)(3) corporations with access to long-term, fixed asset financing at favorable interest rates and terms. IDB can fund land acquisition, building construction, and capital asset (equipment) purchases. Eligible borrowers include new or expanding manufacturing companies, "exempt" facilities such as solid waste disposal facilities, and 501(c)(3)s. Through IDB, creditworthy manufacturers and 501(c)(3) corporations can borrow up to 100% of the cost of acquiring, constructing, and equipping a facility, including site preparation. IDB may also facilitate tax-exempt funding for leased manufacturing facilities and equipment. All projects financed with IDB must meet federal tax code eligibility requirements. The maximum manufacturing project size is \$20 million; 501(c)(3) corporations and exempt projects are not subject to this dollar limitation. At current interest rates, projects under \$3 million are generally not cost-effective due to the transaction costs of bond financing. Interested companies should contact the VSBFA.

Economic Development Loan Fund (EDLF)

The Virginia EDLF offers permanent working capital, owner occupied commercial real estate, and equipment loans to fill the "gap" unmet by equity, conventional financing, and other sources

(COF, Historic Tax Credits, etc.). Project eligibility is determined by guidelines set by the federal Economic Development Administration (EDA) and the VSBFA. Eligible borrowers include local industrial or economic development authorities and businesses engaged in technology, biotechnology, tourism, and engine and vehicle manufacturers for the professional motorsports industry, basic industries, manufacturing, and those businesses or entities that provide for a locality's economic and "quality of life" development. Businesses that derived 15% or more of their revenues from defense-dependent activities and can demonstrate economic hardship related to defense downsizing may also apply. Eligible projects must provide economic benefit to the community through job creation/retention (minimum \$10.00 hourly wage) or by enhancing a locality's ability to attract private capital investment. The maximum loan amount is generally the lesser of 40% of the total project cost or \$500,000 unless the project is located in a city/county defined by the EDA as "economically distressed." Loans in distressed areas can be higher – potentially in excess of \$1 million depending on risk factors, the number of jobs created, and the region in which the project is located. Generally, loans have 10-year maturities with amortizations based on the life of the asset and the borrower's ability to repay. Rates are risk-based but can be below market. Loans are secured by assets and require personal guaranties. Businesses apply directly to the VSBFA.

Financial Assistance

Loan Guarantee Program

The LGP helps Virginia's businesses obtain funds to start or expand operations in Virginia. The program reduces a bank's commercial loan risk in order to increase the availability of commercial loans to Virginia's businesses. The maximum guaranty is the lesser of 70% of the credit amount or \$750,000. The guaranty term cannot exceed seven years for term loans. Guaranties for lines of credit are available on an annual basis with a maximum of four subsequent renewals. Eligible borrowers must be a VSBFA-defined small business and meet VSBFA credit standards. Loan purposes include lines of credit for accounts receivable and inventory, term loans for permanent working capital, and fixed asset purchases.

SWaM Loan Fund (SLF)

The SLF funds a maximum of \$10,000 in loans to existing Virginia small businesses. Eligibility requirements are a minimum of two years of active operation in the Commonwealth and business owners/loan guarantors' credit scores must be at least 650 each. Terms are a maximum of four years and rates are Wall Street Journal Prime plus 3%. If a business has received counseling from a Virginia Small Business Development Center, the maximum loan amount may increase to \$25,000. Interested parties should apply directly to the VSBFA.

Virginia Capital Access Program (VCAP)

The VCAP promotes business credit by mitigating risk through a form of loan portfolio insurance for participating lenders. Businesses must meet the definition of a small business with credit approval performed by the bank. The lender notifies the borrower that the loan will be VCAP enrolled and sets the fee (2-7% of the enrolled amount). VSBFA matches the fee, and the monies are used as special loan loss reserve accounts. Maximum enrolled amounts are \$500,000, and maximum term is 10 years. Interested parties should apply to a participating bank.

Cash Collateral Program (CCP)

The CCP is designed to help Virginia's businesses obtain the funds to start, enhance, or expand their operations and thereby create or maintain jobs in the Commonwealth. The VSBFA's participation helps reduce a lender's credit risk by providing cash collateral on deposit at the lender bank as support for a business purpose loan. Most typically, the CCP is used in those instances when the applicant company has demonstrated the ability to cash flow the debt, but the collateral coverage is insufficient for the lender's normal underwriting standards. It is also used for SBA 504 loans when the lending bank is funding the certified development company's loan pending the sale of a debenture. The VSBFA can provide cash collateral up to 40% of a loan, or \$500,000, whichever is less, with a maximum relationship participation between the borrower and the VSBFA of \$500,000. The lender sets the interest rates and terms. The VSBFA's participation is for a maximum of five years on term loans. Annual lines of credit not matured may be renewed up to two times with a maximum term of three years. Interested parties should apply to a participating lender.

Small Business Investment Grant Fund (SBIGF)

Virginia taxpayers that invest in Virginia businesses may qualify for cash grants of up to 10% of their investment amount. Qualified investments can be in the form of cash equity or subordinated debt. For investors to be eligible for the grant, they must invest in a business that has been certified as a qualifying small business by the Virginia Small Business Financing Authority. Investors must be certified as eligible also. Eligibility requirements are defined in the Code of Virginia, Chapter 16.1 of Title 2.2 §2.2-1616.

Virginia Small Business Financing Authority

101 North 14th Street, 11th Floor

Richmond, Virginia 23219

804.371.8254 | VEDP.org/incentive/virginia-small-business-financing-authority-vsbf

Community Development Block Grants

Community Development Block Grant funds (CDBG) are available to eligible cities, counties, and towns to support local community and economic development activities. Funds may be used for off-site development such as public facilities improvements including, but not limited to, construction of access roads, water and sewer line extensions, and installation of fiber network for telecommunications.

Funds may also be available as loans for on-site redevelopment that supports economic development, subject to underwriting. CDBG funds are available for small business and entrepreneurship development, revitalization of a downtown or other commercial district, and projects resulting in job creation and retention. Funds are awarded to localities on a competitive basis during an annual application cycle. Funds are also awarded noncompetitively, provided certain thresholds are met. Applications for these funds may be submitted at any time from January 1st through September 30th. At least 51% of jobs created or retained by a project using CDBG funding must be held by or made available to low and moderate-income persons. The Virginia Department of Housing and Community Development administers the non-entitlement portion of the federal CDBG program for cities and towns with populations under 50,000 and counties with populations under 200,000. The U.S. Department of Housing and Urban Development administers the CDBG entitlement program for metropolitan areas.

Virginia Department of Housing and Community Development

Main Street Centre

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