

Senate Finance Committee

Overview of Proposed Economic Development Incentives

January 26, 2016



General Economic Development Incentive Programs

Program	FY 17	FY 18	2-Yr	New \$'s	Governance
Va. Economic Development Partnership Authority - Support economic development activities. Includes \$2.0 million/year rent/operating support of Center for Advanced Manufacturing (Medicaid expansion savings) .	\$29.5	\$29.5	\$59.0	\$21.6	VEDP Authority (non-stock corp.)
Commonwealth Development Opportunity Fund - (Previously Governor's Opportunity Fund) – Grants or loans to localities to assist in the creation of new jobs (Governor's discretion).	\$20.8	\$20.8	\$41.6	\$0	Governor/VEDP Authority
Va. Economic Development Incentive Grant – Incent headquarters, admin, R&D and/or similar service and basic sector companies to locate or expand in Virginia.	\$4.2	\$4.4	\$8.6	\$0	Governor/VEDP Authority
Va. Investment Partnership Grant – Encourage existing Virginia manufacturers or R&D services to invest in Virginia.	\$3.7	\$5.3	\$9.0	\$1.8	VEDP Authority
Major Eligible Employer Performance Grants – Up to \$25 million for large projects. Outstanding commitments are phasing down (FY 2016 was \$6.8 million).	\$1.8	\$1.8	\$3.6	\$0	VEDP Authority
Va. Jobs Investment Program – Offset recruiting and training or retraining costs primarily for small companies.	\$6.8	\$6.8	\$13.6	\$1.0	VEDP Authority

(* \$ in millions)



General Economic Development Incentive Programs

Program	FY 17	FY 18	2-Yr	New \$'s	Governance
Small Business Investment Grant - (10 percent of qualified investment in small company).	\$1.0	\$1.0	\$2.0	\$0	Dept. Small Bus.
Enterprise Zone Grants - Job creation/real property investment grants for businesses located in designated zones.	\$12.2	\$12.2	\$24.4	\$0	DHCD
Rolls Royce Aerospace Engine Facility Incentive (Statutory grant)	\$8.9	\$3.7	\$12.6	\$0	VEDP Authority
Advanced Shipbuilding Training Facility Grant (Statutory grant)	\$7.2	\$0	\$7.2	\$0	VEDP Authority
Pulp/Paper/Fertilizer Manuf. Shandong Tranlin (Statutory grant)	\$2.0	\$3.0	\$5.0	\$5.0	VEDP Authority
Motion Picture Opportunity Fund	\$3.0	\$3.0	\$6.0	\$1.2	VEDP Authority
Va. Tourism Authority – New funds implement Vision Strategy.	\$22.7	\$22.2	\$44.9	\$4.0	Va. Tourism Auth. (non-stock corp.)
Gov's Ag and Forestry Industries Development Fund	\$2.0	\$2.0	\$4.0	\$2.0	Ag & Con Svcs
Agricultural marketing program	\$1.2	\$1.2	\$2.4	\$0.6	Ag & Con Svcs
Biofuels Production Incentive Grant Fund	\$1.5	\$1.5	\$3.0	\$0	DMME
Port Opportunity Fund (Previously earmark of COF)	\$2.0	\$2.0	\$4.0	\$0	Va. Port Authority
Increase existing R&D Tax Credit (small companies)	\$6.0	\$7.0	\$13.0	\$1.0	Tax Code
Increase Angel Investor Tax Credit	\$9.0	\$9.0	<u>\$18.0</u>	<u>\$8.0</u>	Tax Code
<i>Subtotal Existing Economic Development Incentives</i>			\$281.9	\$46.2	

(* \$ in millions)



Proposed New Economic Development Incentive Programs

Program	FY 17	FY 18	2-Yr	New \$'s	Governance
Virginia Growth & Opportunity Fund (GO Virginia) – Grants to regional councils to encourage collaborative activity in growing jobs in the region, diversifying the economy and meeting employer workforce needs.	\$5.7	\$20.2	\$25.9	\$25.9	Independent Bd. Legislators, Cabinet Secretaries, citizen members
Central Account: GO Virginia (Medicaid expansion savings)	\$0	\$12.9	\$12.9	\$12.9	
Note: SB 459 (a companion to GO Virginia), is not included in SB 30 because there is no expected impact in the 2016-18 biennium - Virginia Collaborative Economic Development Act , to provide grants to two or more localities participating jointly in economic development efforts. Grant = amount up to half of the income tax collected on each new job, for up to six years.					VEDP Authority
Incentivize installation of solar panels by utilities and other third party developers.	\$1.0	\$1.0	\$2.0	\$2.0	DMME
Virginia Telecommunications Broadband Initiative	\$2.8	\$2.8	\$5.6	\$5.6	DHCD
Establish Healthy Food Financing Program – Encourage development of super markets in certain communities	\$5.0	\$5.0	\$10.0	\$10.0	DHCD
Establish new R&D Tax Credit (large companies)	\$0	\$15.0	\$15.0	\$15.0	Tax Code
Reduce corporate tax rate by 0.25% (Medicaid expansion savings)	\$17.2	\$46.5	<u>\$63.7</u>	<u>\$63.7</u>	Tax Code
Subtotal New Economic Development Initiatives			\$135.1	\$135.1	

(* \$ in millions)



Research Commercialization Incentives

Program	FY 17	FY 18	2-Yr	New \$'s	Governance
Va. Biosciences Health Research Corporation (VBHRC) Contract with private entities, foundations and government sources to perform research in the biosciences.	\$7.5	\$10.0	\$17.5	\$12.5	Non-stock corp.
Biotechnology Spinoff Companies – Collaborative effort to develop biotech spinoff companies to accelerate the growth of Virginia’s biotech industry.	\$30.0	\$30.0	\$60.0	\$60.0	Private entities.
Higher Education Research Initiative – Collaborative effort to increase commercialization; incentives to recruit high-performing researchers/create centers for excellence. Also includes <u>\$100.0 million in state-supported debt</u> for research equipment and lab renovations.	\$20.0	\$20.0	\$40.0	\$40.0	Research universities; Governor to approve grants.
Global Genomics & Bioinformatics Research Institute – Purchase memberships in Institute for four research universities at a cost of \$4.0 million each. (Medicaid expansion savings)	\$0	\$16.0	\$16.0	\$16.0	Private Non-Profit Institute (Note: SB 429 creates Auth.)
Commonwealth Research Commercialization Fund – (Existing Fund) Supports commercialization of emerging technologies through small awards to assist in company formation.	\$2.8	\$2.8	\$5.6	\$0	Innovation & Entrepreneurship Invest. Auth. (IEIA/CIT)

(* \$ in millions)



Research Commercialization Incentives

Program	FY 17	FY 18	2-Yr	New \$'s	Governance
Create Center for Recurrent Flooding Resiliency – Promote econ. dev. by adapting coastal zone planning to sea level rise.	\$0.9	\$0.8	\$1.7	\$1.7	ODU/VIMS/W&M Coastal Policy Ctr.
Jefferson Lab – Compete for DOE electron ion collider. (Economic Development Incentive grant of \$3.7 million in FY 16).	\$1.7	\$1.3	\$3.0	\$2.4	SE Universities Research Assoc.; Jeff Lab Science Associates, L.L.C.
VCU Massey Cancer Center. (Medicaid expansion savings) VCU Base Funding for Massey Center research	\$5.5 \$9.5	\$3.0 \$9.5	\$8.5 \$19.0	\$8.5 \$0	VCU
Total GF Research/Commercialization Initiatives (Plus \$100 million in debt)			\$171.3	\$141.1	

(* \$ in millions)



Workforce Related Economic Development Initiatives

Program	FY 17	FY 18	2-Yr	New \$'s	Governance
Higher Education Access and Completion – Incentive for graduating STEM majors & those in underrepresented groups.	\$25.0	\$25.0	\$50.0	\$50.0	Boards of Visitors
VCCS Credentialing programs in high-demand fields	\$9.0	\$15.6	\$24.6	\$24.6	VCCS
Va. Degree Completion Network – Flexible degree training targeted at adults and other nontraditional students.	\$4.4	\$3.7	\$8.1	\$8.1	Initial providers: GMU and ODU
Workforce Training Programs – Continue expiring TICR grants; double cohort size of Integrated Machining program in cooperation with Danville Community College.	\$0.6	\$0.9	\$1.5	\$1.5	Southern VA. Higher Education Center/IALR
SCHEV Innovation Fund – Competitive grants for collaboration among public K-12 and higher education (affordability).	\$2.5	\$2.5	\$5.0	\$5.0	SCHEV
SCHEV Enhance and Promote Data Analytics – Advanced data analytics in teaching, research and job creation.	\$0.6	\$0.4	\$1.0	\$1.0	SCHEV
K-12 Career and Technical Credentialing and Equipment – Update equipment to industry standards; provide classroom experience that translates to workforce.	\$2.5	\$2.5	\$5.0	\$5.0	DOE
Newport News Aviation Academy – Support 4-year STEM program in cooperation with Denbigh High School (piloting, aircraft maintenance, engineering, computers & electronics).	\$0.1	\$0.1	\$0.2	\$0.2	Newport News school system
Total GF Workforce Initiatives			\$95.4	\$95.4	

(* \$ in millions)



Cyber Security Economic Development Initiative

Program	FY 17	FY 18	2-Yr	New \$'s	Governance
Higher Education Cyber Security Initiative – Curriculum, apprenticeships/internships, scholarships, cyber range, center for excellence, veteran job assistance.	\$6.6	\$8.4	\$15.0	\$15.0	VT, JMU, GM, SCHEV
Information Sharing & Analysis Organization (ISAO) – Establish at CIT to support sharing of cyber threat information among public and private entities.	\$0.8	\$0.8	\$1.6	\$1.6	IEIA / CIT
Total GF Cyber Security			\$16.6	\$16.6	
NGF Cyber Security: \$0.4 for Cyber Virginia Portal for information on cyber-related jobs and degrees/certifications.					

(* \$ in millions)



Proposed Spending for Economic Development Initiatives Totals More Than \$800 Million

- When accounting for all proposed direct appropriations, bond proceeds and revenue expenditures, total spending on economic development initiatives in SB 30 totals more than \$800.3 million.

Proposed Initiative	Total	New \$'s
Existing Economic Development Incentives	\$281.9	\$46.2
New Economic Development Initiatives	\$135.1	\$135.1
Research/Commercialization Initiatives	\$171.3	\$141.1
Workforce Development Initiatives	\$95.4	\$95.4
Cyber Security Initiatives	<u>\$16.6</u>	<u>\$16.6</u>
<i>Subtotal GF Initiatives</i>	<i>\$700.3</i>	<i>434.4</i>
Research/Commercialization Initiatives Debt	<u>\$100.0</u>	<u>\$100.0</u>
Total	\$800.3	\$534.4

(* \$ in millions)

