



January 16, 2008

**2008 Commerce & Trade
Budget Items**
**Senate Finance Subcommittee
on Economic Development &
Natural Resources**

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Secretary of Commerce & Trade

Advancing the Commonwealth's Economic Development Agenda

- Targeted Investments and Incentives
- Performance Based Grant Agreements
- Continuing Virginia's Competitive Position
- Needs for the Global Economy

Targeted Investments and Incentives

- Governor's Development Opportunity Fund (GOF)
 - \$1.5 Million in Caboose Bill for 2008 (General fund / Fiscal year)
 - \$15.1 Million for 2009
- Semiconductor Manufacturing Performance Grants Phase I & II
 - \$15.5 million for 2009
 - \$8.8 million for 2010
- Acceleration of Manufacturing Performance Grants to Qimonda
 - \$5.4 million for 2009
 - \$8.4 million for 2010 (\$17.2 combines Phase II and Acceleration)
- BRAC Military Strategic Response (NAS Oceana and DARPA)
 - \$7.5 million for 2009
 - \$17.5 million for 2010

-  Central Virginia
-  Hampton Roads
-  Northern Virginia
-  Southside Virginia
-  Southwestern Virginia
-  Valley

Fairfax County
 Incentives: \$7,786,211
 New Jobs: 401
 Average Salary: \$122,868
 Investment: \$118,000,000



Audi

Rockingham County
 Incentives: \$1,267,200
 New Jobs: 25
 Average Salary: \$48,500
 Investment: \$229,000,000



City of Richmond
 Incentives \$9,940,791
 New Jobs: 400 (200 Saved)
 Average Salary: \$90,000
 Investment: \$80,000,000

MeadWestvaco

NORTHROP GRUMMAN



CGI



WOLSELEY

Russell County
 Incentives \$2,945,000
 New Jobs: 650
 Average Salary: \$41,653
 Investment: \$22,700,000

City of Danville
 Incentives \$12,040,800
 New Jobs: 740
 Average Salary: \$27,310
 Investment: \$281,000,000

City of Newport News
 Incentives \$5,593,600
 New Jobs: 420
 Average Salary: \$56,547
 Investment: \$30,000,000

Projected Impact of Announcements on the Commonwealth

- Incentives Awarded: \$39,639,834 (over ten years)
- New Jobs Created: 2,636
- Jobs Saved: 200
- Capital Investment: \$761 million

- **10-Year State Revenue: \$173,706,498**
- **20-Year State Revenue: \$412,918,235**

VEDP Monitors Actual Return on Invested Capital for GOF Projects

- Have actual performance data from FY2002-FY2006 (updated quarterly)
- 130 projects received GOF disbursements in 5-year period
- GOF Disbursements- \$52.8 million
- Total Incentive Grants - \$165.2 million (TROF, VJIP, VIP, Ent. Zone, etc.)

Results to Date (since FY2002)

- Gross Revenue \$695.9 million
- Net State Revenue \$530.7 million

Projected Returns After 10 Years (by FY2011) Existing Companies

- Gross Revenue \$1,409.4 million
- Net State Revenue \$1,244.2 million
- State Benefit to Cost Ratio: \$7.5 to \$1

Targeted Investments and Incentives

- Rolls-Royce Incentives in the Budget
 - \$1.3 million for 2009
 - \$9.4 million for 2010
- Rolls-Royce Incentives in HB1330 / SB651
 - Performance based maximum \$35 million by 2023
 - Training grants not to exceed \$8.8 million
 - \$5 million in performance grants for bringing suppliers who create at least 300 jobs and invest \$50 million

Targeted Investments and Incentives

- SRI International Incentive
 - \$5.0 million for 2009
 - \$2.0 million for 2010
- Virginia Investment Partnership Grants
 - \$1.3 million for 2009
 - \$2.3 million for 2010
- Virginia Jobs Investment Program
 - \$2.0 million for 2010

Continuing our Competitive Position

- Tourism - Marketing
 - \$2.5 Million NGF for 2009 from the Virginia Tourism Enhancement Fund
 - \$2.5 Million NGF for 2010 from the Virginia Tourism Enhancement Fund
- Tourism - Governor's Motion Picture Opportunity Fund
 - \$200,000 for 2009
 - \$200,000 for 2010
- Virginia Energy Management Program
 - \$339,561 for 2009
 - \$472,078 for 2010
 - Should save \$32 million in biennium
- Rural Broadband
 - \$500,000 for 2009
 - \$500,000 for 2010

Needs for the Global Economy

- Economic Development – Marketing to China & India
 - \$100,000 for 2009
 - \$100,000 for 2010
- Provide Matching Funds for the Virginia International Trade Alliance Program (VITAL)
 - \$250,000 for 2009
 - \$250,000 for 2010



Questions

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