



2010 ECONOMIC DEVELOPMENT PRIORITIES

SENATE FINANCE ECONOMIC DEVELOPMENT AND
NATURAL RESOURCES SUBCOMMITTEE

FEBRUARY 2, 2010

-  Forbes.com's "Best State for Business" for four consecutive years
-  CNBC's "Top State for Business" for the second time in three years
-  Pollina Corporate Real Estate's "No. 1 Pro-Business State"

REVENUE GENERATOR & GOOD STEWARD: VIRGINIA'S RETURN ON INVESTMENT

Parameters

- Performance data from FY02-FY08 updated semi-annually (current to 2nd qtr. 2009)
- 187 projects
- GOF Disbursements – \$74.03 million to-date
- Total Incentive Grants – \$202.04 million (TROF, VJIP, VIP, EZ, etc.) to date

Results to Date (since FY2002)

- Gross Revenue – \$1,372,705,000
- Net State Revenue – \$1,171,573,000

Projected 10 Year Returns on Existing Companies

- GOF Disbursements – \$74.28 million
- Total Incentives – \$263.92 million
- Gross Revenue – \$2,613,578,000
- Net State Revenue – \$2,350,424,000

State Benefit to Cost Ratio: \$10 to \$1

- **Major Employment and Investment Projects Site Planning Grant Fund (SB 730 – Reynolds)**
 - Final recommendation of Gov. Kaine’s 2007 Advisory Committee on Mega Projects
 - Site planning grant program to help localities identify and prepare sites for appropriate targets
 - Intended to provide grants with regional distribution
 - Sites are not necessarily “mega” – could be an urban MEI project (\$250M / 400 jobs)

- **Project Ignite (SB 644 – Howell)**
 - New personalized medicine biotech research and commercialization project in Fairfax to create 415 new jobs and invest \$200 million
 - Combination of local and state incentives:
 - \$3 million GOF for CIT upfit; \$22 million performance grant
 - Fairfax County: Up to \$150 million financed for construction

- **Data Center Sales and Use Tax Exemption (SB 130 – Stosch)**
 - Align Virginia's exemption with other states' exemptions
 - Expand definition of items for which exemption may be taken to include chillers, generators and enabling software
 - Meet a commitment to a company locating in Henrico County by providing relief back to July 1, 2009
 - \$150 million capital investment; 125 jobs paying \$100,000+
- **Clean Energy Manufacturing Incentive Grant (SB 129 – Stosch/Deeds)**
 - Expand current solar grant program to clean energy manufacturers
 - Tie to jobs and capital investment / grant size based on Return on Investment analysis
 - Respond to an active project: 572-2,000 jobs; \$200M - \$1B capital investment

2010 LEGISLATION AND BUDGET ITEMS IN SB 30

Program/Project	FY 2011	FY 2012
Governor's Opportunity Fund	\$11,811,055	\$11,811,055
Micron Semiconductor	\$1,600,000	\$3,800,000
Virginia Investment Partnership	\$1,795,381	\$2,807,329
Major Eligible Employer	-	\$5,000,000
SRI International	\$3,000,000	-
Rolls-Royce North America	\$12,769,000	\$7,517,000
Ignite Institute	-	\$5,500,000

COMPARING VIRGINIA'S INCENTIVES

North Carolina's Marquee Programs	Amounts
Lee Act Tax Credits	\$154,188,734 (CY08)
"Article 3J" Tax Credits	\$50,550,023 (CY08)
Jobs Development Incentive Grant Program	\$19,000,000 (FY10)
One North Carolina Fund	\$28,500,176 (FY10)
NC Golden Leaf Fund (Tobacco)	\$107,012,404 (FY08)

Maryland's Marquee Programs	Amounts
O'Malley Biotech Initiative	\$1.1 Billion over FY10-20
MD Economic Development Assistance Authority and Fund	\$20M recapitalization in FY10
Biotechnology Tax Credit	\$6,000,000 annually
Sunny Day Fund	\$1,000,000 (2009 balance)

2010 LEGISLATION AND SB 30 ITEMS OUTCOMES

Program/Project	Direct Jobs	Investment
Micron Semiconductor	900 jobs	\$1.2 billion
Virginia Investment Partnership	5,846 (incl. preserved)	\$1.8 billion
Major Eligible Employer	500 jobs	\$300 million
SRI International	100 jobs	\$12.5 million
Rolls-Royce North America	642 jobs	\$501 million
Ignite Institute	415 jobs	\$200 million



GOVERNOR'S NEW PROPOSED BUDGET AMENDMENTS

Program/Project	FY 2011	FY 2012
Governor's Opportunity Fund	\$12.1MM	-
Major Employment & Investment Sites	\$5.0MM	-
VEDP International Marketing	\$1.0MM	\$1.0MM
Biotechnology Investments:		
Wetlab Facilities Improvements	\$1.5MM	\$1.5MM
SB 428 Tax Ex. for Cap Gains in Tech Investments	\$500,000	\$500,000



THANK YOU!

QUESTIONS?

Virginia *is for Lovers* ®

Tourism is Big Business

\$19.2 billion economic impact

Employs 210,620 Virginians

\$1.28 billion in state and local taxes

Tourism is Small Business





Tourism is Big Business

Canada – \$122.7 million

Overseas – \$1.3 billion

WASHINGTON, DC
MARYLAND
VIRGINIA

CAPITAL REGION USA

Virginia is for Lovers 



Top 10 Expenditure States

- 1 - California
- 2 - Florida
- 3 - Texas
- 4 - New York
- 5 - Nevada
- 6 - Illinois
- 7 - Pennsylvania
- 8 - Virginia
- 9 - Georgia
- 10 – New Jersey

VTC Accomplishments

Inducted into
National Advertising Walk of
Fame



Virginia is for Lovers 

VTC Accomplishments

6 million unique users
of Virginia.org

Top state website
5 out of 12 months
(always in top 3)



VTC Accomplishments

Largest promotion in state history

40 Trips in 40 weeks

170,000 entries



VTC Accomplishments

\$3 million in earned media

USA Today

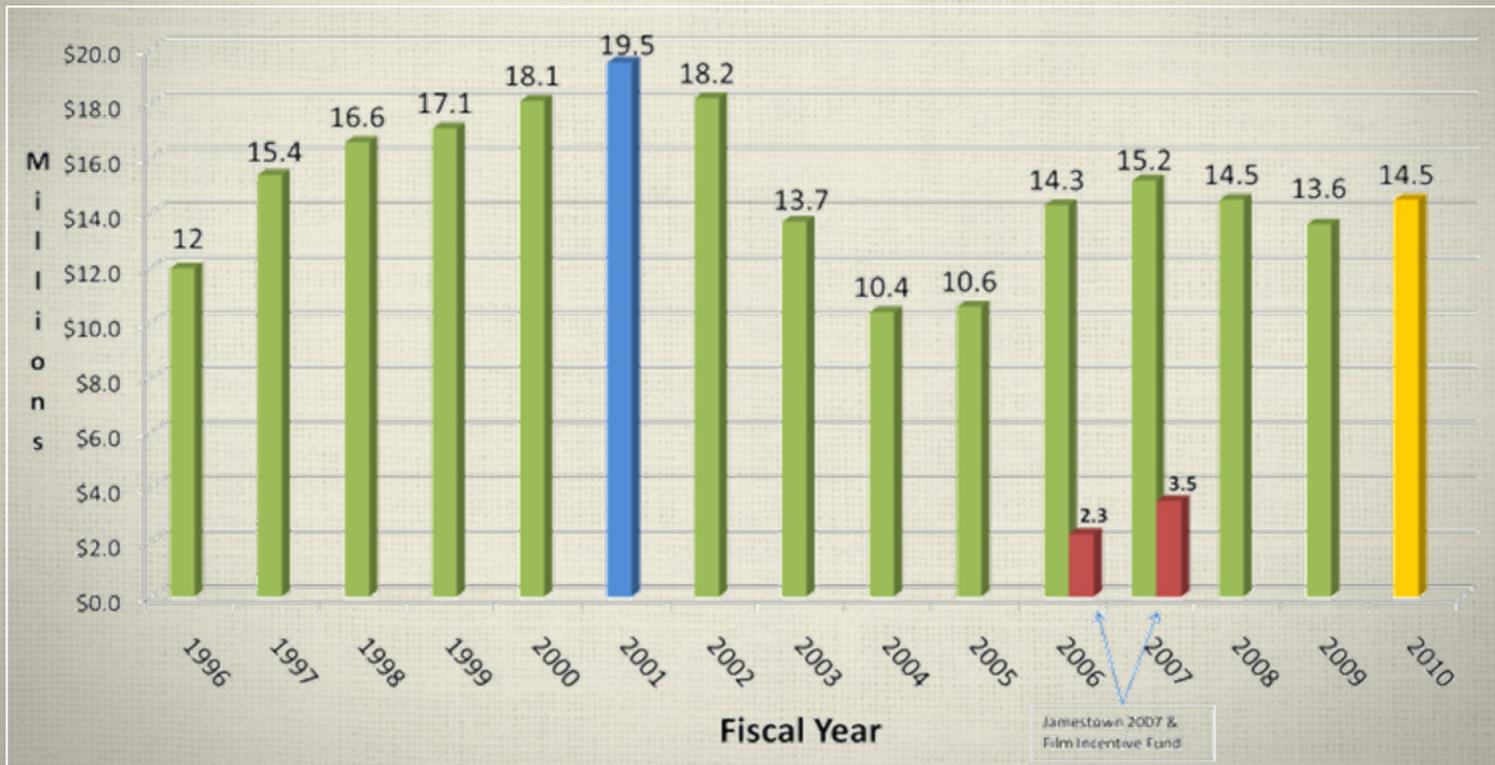
Today Show

NY Times

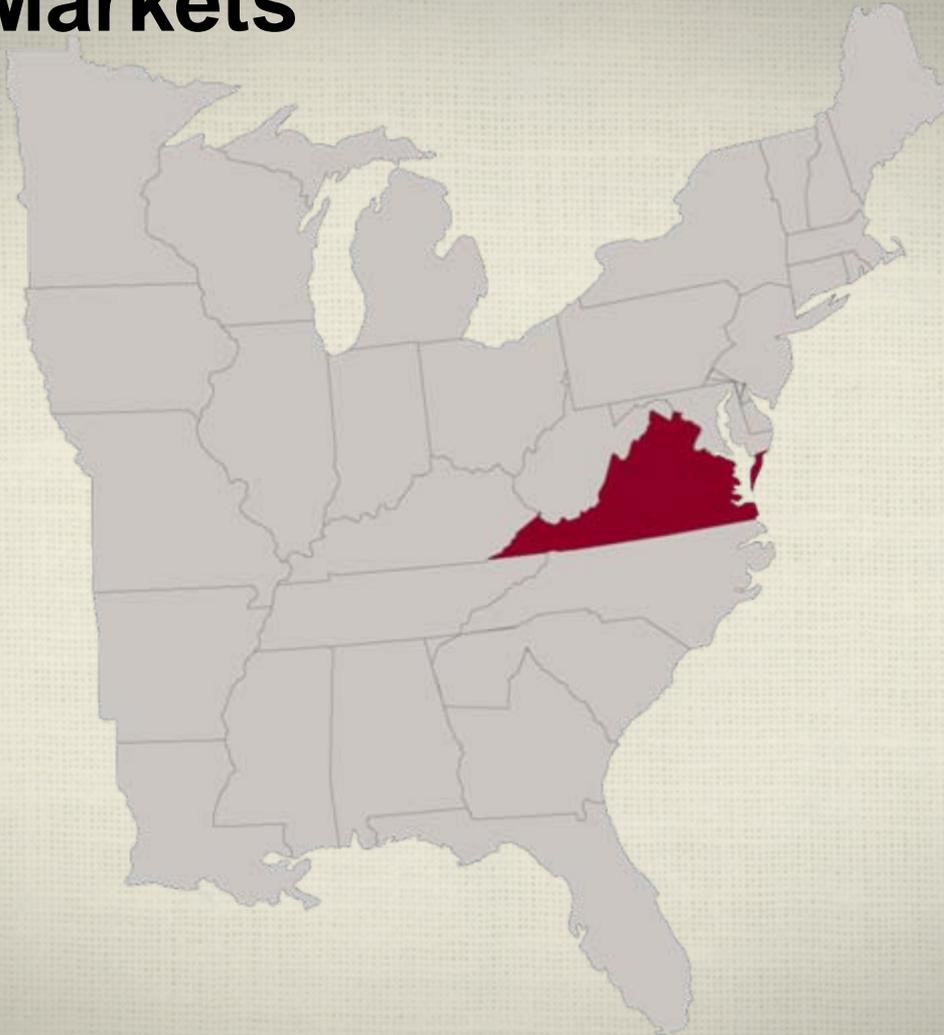
Washington Post

Wall Street Journal

General Fund History

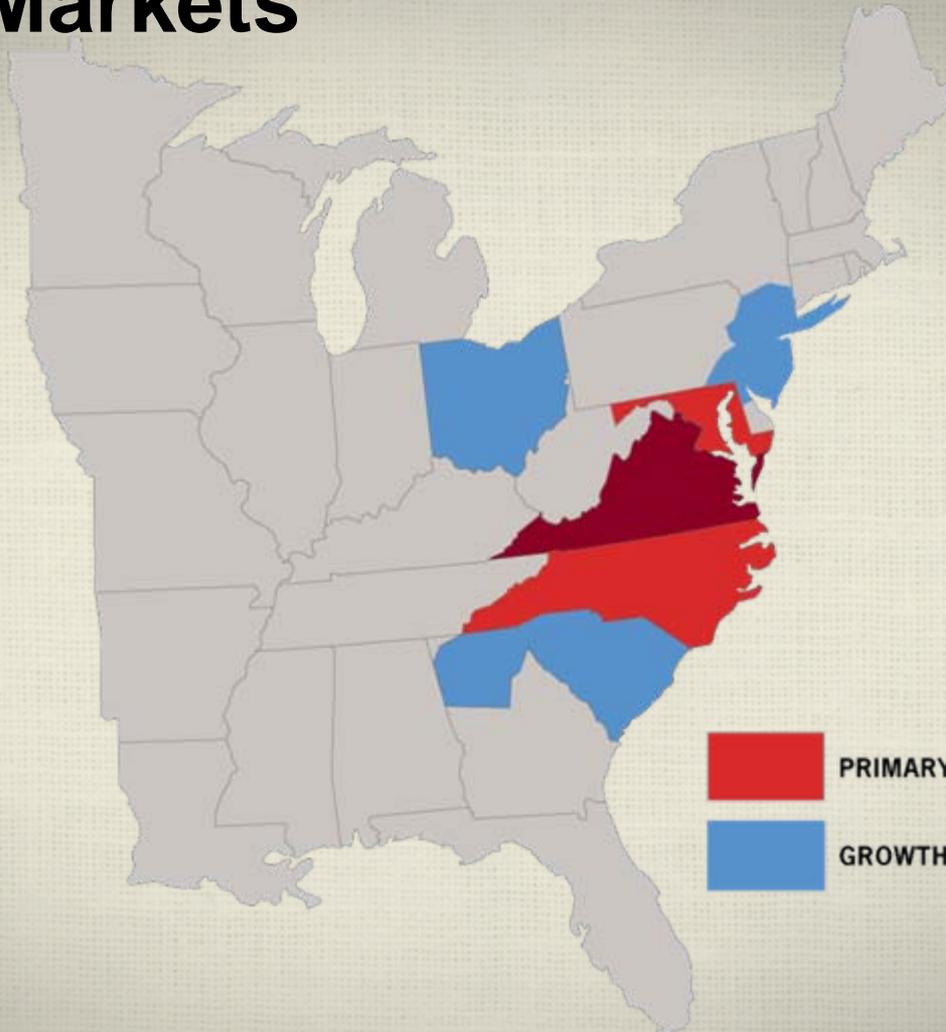


U.S. Markets

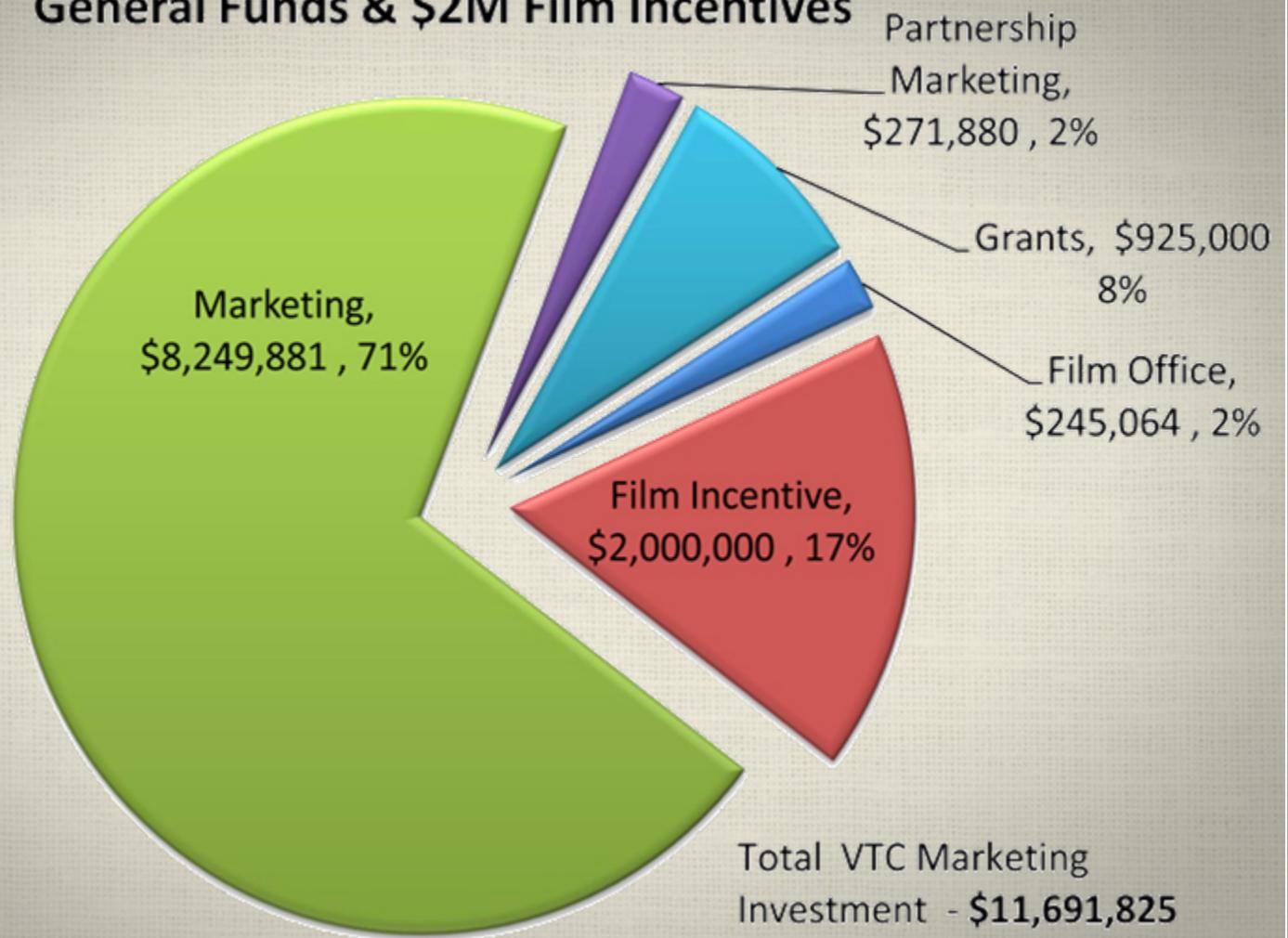


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U.S. Markets



Projected VTC Marketing Budget with a \$3.6M Increase in General Funds & \$2M Film Incentives



R.O.I. - \$3.6 million

\$184 million economic impact

\$12.3 state & local taxes

R.O.I. - \$2 million

\$28.6 million economic impact

\$1.9 state & local taxes

\$5 M Motion Picture Tax Credits – SB 257

\$71.5 million economic impact

\$5 million state & local taxes

Active Major Film Projects:

Big Stone Gap -

Wise and Bristol Counties

The Wettest County in the Country -

Franklin County, City Roanoke

Undaunted Courage –

Richmond metro region

TOURISM & FILM

**generate
instant revenue**