

Virginia Economic Development Policy Update – The 2016 Virginia General Assembly

Chesapeake Economic Development Council
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Challenges Facing Economic Development

- Several losses of high profile projects to other states
- VEDP funding frozen at 2007 levels
- JLARC study of VEDP structure, governance
- International Trade Corporation legislation
- Mistrust between executive and legislative branches
- Lindenberg crisis on incentives

McAuliffe Budget and Policy Proposals

- \$40 million for Governor's Opportunity Fund
- \$18 million budget increase for VEDP
- \$140 million for R&D
- \$60 million Medimmune funding
- Significant cybersecurity and biotechnology investments
- Increased tourism marketing funds
- \$25 million for GO Virginia grants (+\$13 million tied to Medicaid expansion)
- Reduce corporate income tax to 5.75%
- \$2.43 billion bond package

Legislative Budget and Policy Proposals

- Extend sales tax exemption on data centers
- Expand R&D tax credit
- Mega-site funding and utility development
- Definition of a “small” business
- Extend coal tax credits
- Expand film tax credits
- Ethics reform clean up measures

What Happened?

- Commonwealth Opportunity Fund survives at historically high levels (\$20 million/year)
- Incentive grant programs lack capacity
- VEDP funding increase reduced, focused on international trade activities
- \$2.3 billion bond package (including \$350 million for NIT redevelopment)
- \$3 million for site development
- Data center and R&D tax credits expand
- No change in corporate income tax
- GO Virginia funding

Issues to Watch for 2017

- Scope of International Trade consolidation
- Reorganization of VEDP
- New accountability measures for incentives
- Implementation of VCCS credentialing program
- Governor's race just 17 months away!
- GO Virginia implementation



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**GROWTH &
OPPORTUNITY**
IN EACH REGION

**A BUSINESS-LED STATEWIDE INITIATIVE
TO GROW AND DIVERSIFY THE PRIVATE SECTOR
IN EACH VIRGINIA REGION**



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General Assembly Legislative Action

- **Growth and Opportunity Act**

HB 834(Cox/Torian) / SB 449(Norment/Howell)

Legislation to create the Virginia Growth and Opportunity Board and Fund.

- **Collaborative Jobs Act**

HB 846(Hugo/James/Minchew) / SB 459(Ruff/Saslaw)

Legislation to create revenue sharing opportunities for localities when jointly pursuing economic development projects.



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General Assembly Budget Action

- **\$35.95 million: GO! Grants**
(\$5.5m FY17 / \$30.0m FY18 / \$450k for staff)
New incentive tool to promote regional collaboration on economic development
- **\$500,000: incentives for finding efficiencies**
- **\$97.5 million: research, labs & equipment**
- **\$2.35 billion: bond package**
- **\$12 million for VCCS credentials effort**



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Next Steps for GO! Grants

- **July 1, 2016: Legislation becomes law**

Appointments made to the GO! Board

Department of Housing and Community Development and the Council on Virginia's Future Collaborate on Implementation

- **October 15, 2016: GO! Guidelines Complete**

Chairmen of the Senate Committee on Finance and the House Committee on Appropriations will convene a working group to assist the GO Board in the development of guidelines and procedures to implement the legislation.



Potential Roles

- **Convener** – Bring together regional leaders to form the regional council
- **Administrator** – Provide back office support to the regional council
- **Implementer** – Manage programs that encourage regional collaboration
- **Informer** – Help educate the public about the problem and to get them involved in the solution

How you can help!

Identify regional leaders for implementation

Start thinking about potential regional projects

Join us at

www.GOVirginia.org

Questions or Comments?

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Read our recent update on the GO Virginia bill review process ↗

Watch the video at:

<http://www.govirginia.org/>



Join Us Today

Become a GO Virginia coalition member today and support private-sector growth and job creation through increased collaboration between business, education, and community leaders in each region.

Do you want to learn more about GO Virginia's 2016 legislative package? ↗

GO Virginia is working to restore Virginia's position of economic leadership by growing and diversifying the state's economy. Our focus is the creation of state financial incentives, technical support, and other assistance that will encourage collaboration on private-sector growth and job creation by business, education, and government in each region.