

BUSINESS INCENTIVES PRACTICE

MAJOR INCENTIVE PROGRAMS VIRGINIA

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The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

VIRGINIA’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOB	INCENTIVES
Andros Foods North America	\$73.0	160	\$1.0
Simmons Equipment Company	\$1.0	30	\$1.1
Bechtel Corporation	\$10.0	700	\$4.5
510 Nano	\$11.0	113	\$0.8
Canon Virginia	\$100.0	60	\$3.0
K2M	\$28.0	97	\$0.9
Monogram Food Solutions	\$36.5	200	\$1.2
McKesson Medical-Surgical	\$10.0	225	\$0.5
Lindenberg Industry	\$113.0	349	\$2.6
UniTao Pharmaceuticals	\$22.5	370	\$1.0
Appalachian Biofuels	\$3.5	40	\$0.4
Dynax America Corporation	\$32.6	75	\$0.5

OVERVIEW OF MAJOR VIRGINIA INCENTIVE PROGRAMS

GOVERNOR'S OPPORTUNITY FUND (GOF)

The Governor's Opportunity Fund (GOF) is designed as a "deal closing" fund to be employed at the Governor's discretion when necessary to secure a company location or expansion in Virginia. The GOF serves as a final resource for Virginia in the face of serious competition from other states or countries. The GOF grant 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 GOF grant is awarded to the Virginia locality (county, city, town or Industrial/Economic Development Authority) 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:

- Specific project capital investment, job creation and wage requirements are achieved;
- The locality participates with a matching financial commitment;
- A performance agreement is executed between the locality and the company to ensure fulfillment of promised job creation and capital investment; and
- Public announcement of the project is coordinated by the Virginia Economic Development Partnership (VEDP) and the Governor's Office.

As with all Virginia incentives, the Commonwealth's investment must make good fiscal sense for both sides, and must carry a suitable return for Virginia, based on a return on investment analysis prepared for every project. Minimum investment (\$5 million), job creation (50 net new jobs), and wage (at least average annual local wage) thresholds must be realized for consideration of the fund.

VIRGINIA INVESTMENT PARTNERSHIP (VIP)

The Virginia Investment Partnership (VIP) Grant 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 is targeted at manufacturers or research and development services supporting manufacturing that have operated in Virginia for at least five years and are making a capital investment of at least \$25 million while at least maintaining stable employment levels.

VIRGINIA ECONOMIC DEVELOPMENT INCENTIVE GRANT (VEDIG)

The Virginia Economic Development Incentive Grant (VEDIG) is a discretionary performance incentive, designed to assist and encourage

Virginia shows an average deal value of \$1.00 million with 141 new jobs created per deal

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 with a population of 300,000 or more in the 2000 Census must:
 - create 400 new full-time jobs with average salaries at least 50 percent greater than the local prevailing average wage; or create 300 new full-time jobs with average salaries at least 100 percent greater than the local prevailing average wage; and
 - 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 50 percent greater than the local prevailing average wage; and
 - make a capital investment of at least \$6,500 per job
- The company is not currently participating in another Virginia performance grant program

MAJOR BUSINESS FACILITY TAX CREDIT

Qualified companies locating or expanding in Virginia receive a \$1,000 corporate income tax credit for each new full-time job created over a threshold number of jobs.

- 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 is taken in equal installments over two years (\$500 per year) in 2009 through 2012. Credits earned after 2012 will be taken in equal

installments over three years.

- Non-qualifying jobs include seasonal positions, building and grounds maintenance, security, and other positions ancillary to the principal activities of the facility.
- Credits are available for taxable years before January 1, 2020. Unused credits may be carried over for up to 10 years.

VIRGINIA JOBS INVESTMENT PROGRAM (VJIP)

The Virginia Department of Business Assistance's 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, organizational development, electronic media services, and funding.

Eligibility for assistance in any of the VJIP program offerings is limited to for-profit companies that create basic employment (not engaged in retail) paying a minimum wage of \$10.00 per hour. In areas that have unemployment of two times or more the state level, the wage minimum may be waived. Only full-time jobs are eligible for funding. Companies in the following business sectors will qualify:

- Manufacturing
- Distribution centers
- Corporate headquarters for companies with multiple facilities
- Inbound call centers
- Information technology services exclusively to business
- Research and development facilities

OTHER VIRGINIA INCENTIVE PROGRAMS

- Technology Zones
- Economic Development Access Program
- Enterprise Zones
- Foreign Trade Zones
- Defense Production Zones
- Clean Energy Manufacturing Incentive Grant
- Tobacco Region Opportunity Fund
- Transportation Partnership Opportunity Fund
- Rail Industrial Access Program
- Virginia Small Business Financing Authority
- Recycling Equipment Tax Credit
- Day Care Facility Investment Tax Credit
- Worker Retraining Tax Credit
- Virginia Port Tax Credit Program
- Research and Development Tax Credit
- Green Job Creation Tax Credit

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