



# GUIDE TO INCENTIVES 2016-2017



**VIRGINIA ECONOMIC  
DEVELOPMENT PARTNERSHIP**

**YESVIRGINIA.ORG**

# Contents

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## **Introduction 1**

### **Discretionary Incentives 2**

Commonwealth's Development Opportunity Fund

Virginia Investment Partnership Grant

Major Eligible Employer Grant

Virginia Economic Development Incentive Grant

Governor's Agriculture & Forestry Industries Development Fund

Port of Virginia Economic & Infrastructure Development Grant

### **Regional & Local Assistance 9**

Tobacco Region Opportunity Fund

Virginia Coalfield Economic Development Authority

Virginia Enterprise Zone Program

Foreign Trade Zones

Technology Zones

Defense Production Zones

### **Infrastructure Assistance 17**

Rail Industrial Access Program

Transportation Partnership Opportunity Fund

Economic Development Access Program

### **Tax Incentives 19**

Corporate Income Tax and Credits

Property Tax Incentives

Sales and Use Tax Exemptions

### **Recruitment & Training Incentives 25**

Virginia Jobs Investment Program

Virginia's Community Colleges

Virginia Registered Apprenticeship Related Instruction Incentive

New Economy Workforce Credential Grant Fund and Program

The Workforce Innovation and Opportunity Act

### **Management & Technical Support 29**

International Trade

Virginia's Small Business Development Center Network

Center for Innovative Technology

### **Financing Assistance 32**

Virginia Small Business Financing Authority

Community Development Block Grants

# Introduction

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Virginia's most valuable business incentive is its pro-business climate. The Commonwealth strives to maintain traditions of sound fiscal management: a growing, diversified economy, moderate and stable taxes, and a conservative, results-oriented approach to business regulation. This advantageous climate—together with assets such as a strategic location, a highly productive workforce, and excellent quality of life—makes Virginia the best place to do business.

In support of this pro-business environment, Virginia offers a range of incentives and services to encourage business growth and reduce the costs of opening or expanding a business facility within the Commonwealth. Incentives include discretionary cash grants, infrastructure development grants, tax credits and exemptions, customized training, technical support programs, and financing assistance. The state's guiding principles for offering discretionary incentives to projects are to target those projects that:

- align with local, regional, and/or state strategic sectors and strategies;
- are impactful;
- maximize community wealth;
- diversify the job base in regards to skill sets;
- solve a specific need;
- and advance the quality of life for Virginians.

This guide mainly focuses on state incentive programs. Local governments may offer additional business incentives to further reduce the costs of locating or expanding a business in Virginia.

# Discretionary Incentives

## Commonwealth's Development Opportunity Fund

The Commonwealth's Development Opportunity Fund (COF) (formerly the Governor's Development Opportunity Fund) is designed as a "deal closing" fund to be employed at the Governor's discretion to secure a company location or expansion in Virginia. Administered by the Virginia Economic Development Partnership (VEDP), the COF serves as a final resource for Virginia in the face of serious competition from other states or countries. The COF 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 COF grant is awarded to the Virginia locality (county, city, town, or applicable political subdivision) 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:

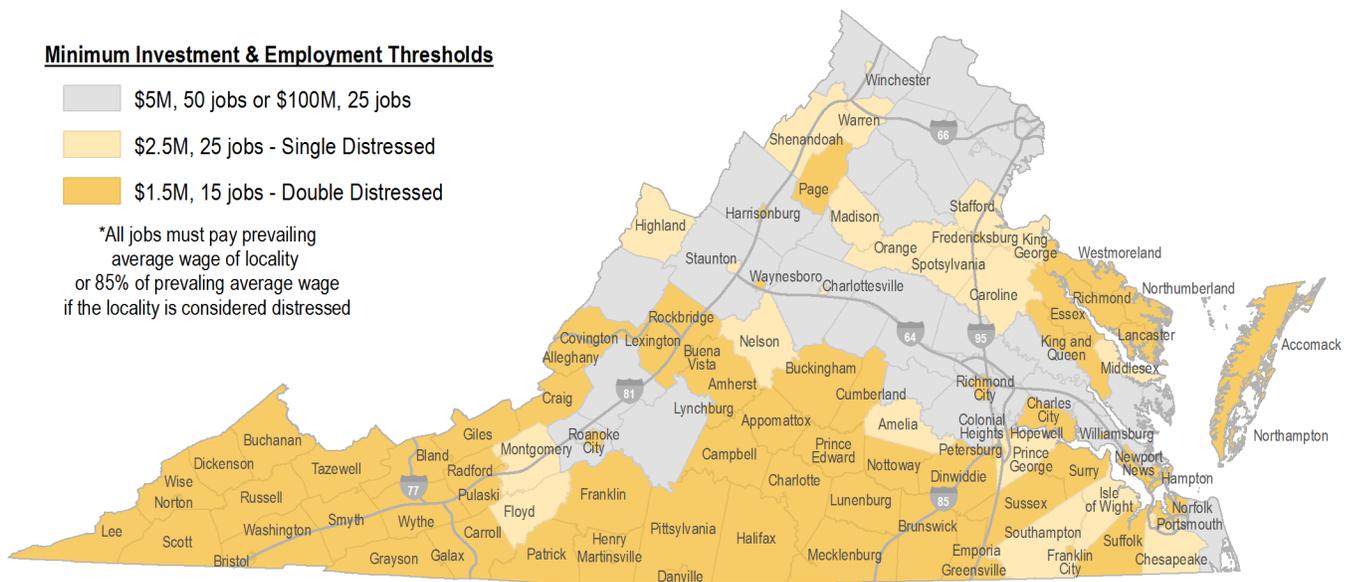
- Minimum project capital investment, job creation, and wage requirements
- The locality participates with a matching dollar-for-dollar (cash or in-kind) financial commitment
- Review of financial documents and/or other information from company
- Public announcement of the project is coordinated by VEDP and the Governor's Office
- A performance agreement is executed between the locality and the company outlining promised job creation, capital investment, and wages
- Annual updates from the company reporting the status of the capital investment and job creation outlined in the performance agreement

Monies may be used for such things as public and private utility extension or capacity development on and off site; public and private installation, extension, or capacity development of high-speed or broadband internet access, whether on or off site; road, rail, or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving, and any other activity required to prepare a site for construction; construction or build-out of buildings; or training.

### Minimum Investment & Employment Thresholds

- \$5M, 50 jobs or \$100M, 25 jobs
- \$2.5M, 25 jobs - Single Distressed
- \$1.5M, 15 jobs - Double Distressed

\*All jobs must pay prevailing average wage of locality or 85% of prevailing average wage if the locality is considered distressed



Source: ESRI 2015, VEDP 2016

# Discretionary Incentives

Once a company decides on one potential Virginia location, the locality works with VEDP within the guidelines of this program to seek the funds necessary to apply toward the project. The success of the COF application is based on the project's eligibility and the locality's financial support for the project, as well as the actual project requirements and availability of funds. As with all Virginia discretionary incentives, the Commonwealth's investment must make good fiscal sense for both sides and must carry a suitable benefit for Virginia, based on a return on investment analysis prepared for every project.

## Virginia Investment Partnership Grant

The Virginia Investment Partnership Grant (VIP) 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 targets manufacturers or research and development services supporting manufacturing that have operated in Virginia for at least three years and are making a capital investment of at least \$25 million, while maintaining stable employment levels. There must be an active and realistic competition between Virginia and another state or country for attracting the project and matching local financial participation is expected.

The amount of each VIP grant is determined by the Secretary of Commerce and Trade, based in part on the Virginia Economic Development Partnership's (VEDP) return on investment analysis and recommendation, and is subject to the approval of the Governor. VIP grants are paid in five equal annual installments beginning in the third year after the capital investment and job creation or retention are achieved, or in the second year if the company is locating in a fiscally distressed area of the state. Distressed communities are highlighted in the map on page 2.

Companies are required to execute a performance agreement outlining performance expectations prior to receipt of the grant. Public announcement of the project must be coordinated with VEDP and the Governor's Office.

## Major Eligible Employer Grant

The Major Eligible Employer Grant (MEE) is a discretionary performance incentive designed to encourage significant capital investment and job creation, by Virginia manufacturers and other basic employers, to grow in Virginia rather than another state or country. The program targets major employers that make a capital investment of at least \$100 million and create at least 1,000 new jobs (a minimum of 400 jobs, if the average pay is at least twice the locality's prevailing average wage).

The amount of each MEE grant is determined by the Secretary of Commerce and Trade, based in part on the Virginia Economic Development Partnership's (VEDP) return on investment analysis and recommendation, and is subject to the approval of the Governor. MEE grants are paid in five to seven equal annual installments beginning in the third year after the capital investment and job creation targets are met.

Companies are required to execute a performance agreement before receipt of the grant outlining performance expectations. Public announcement of the project must be coordinated with VEDP and the Governor's Office.

# Discretionary Incentives

## Virginia Economic Development Incentive Grant

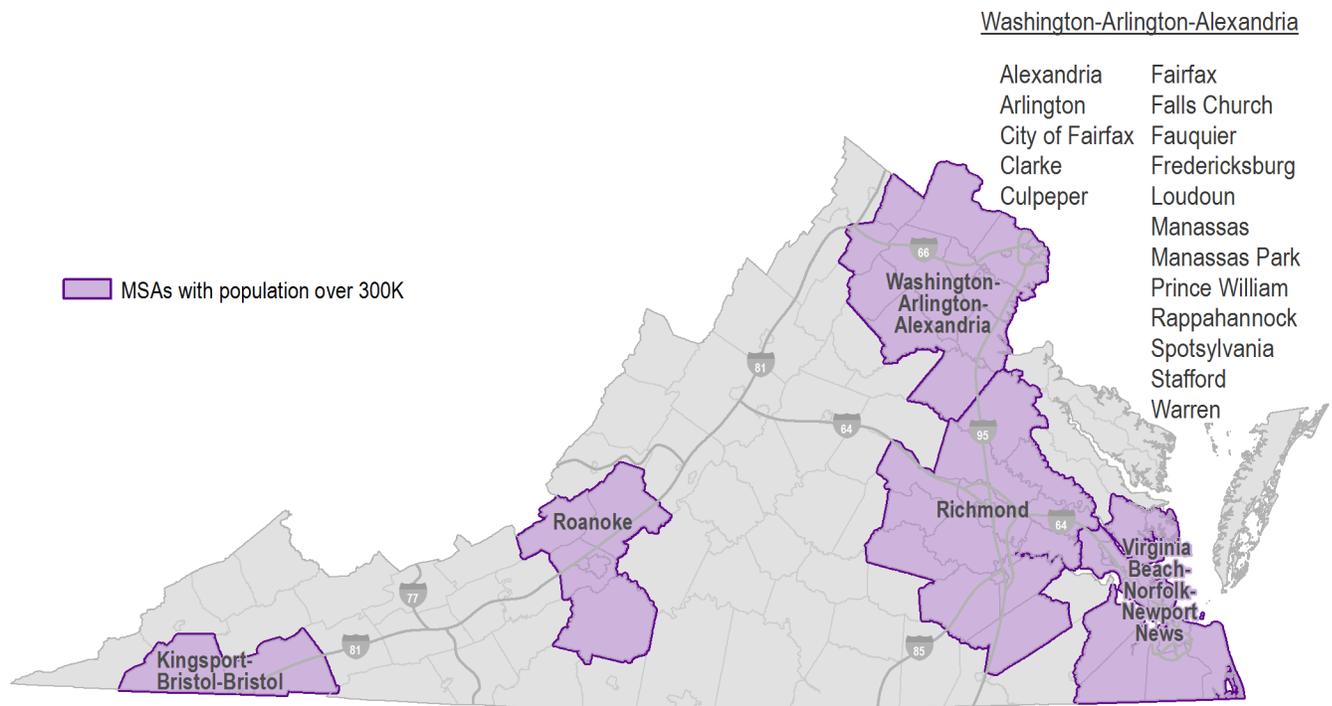
The Virginia Economic Development Incentive Grant (VEDIG) is a discretionary performance incentive designed to assist and encourage companies to invest and create new employment opportunities, by locating significant headquarters, administrative, or service sector operations in Virginia. Selected companies must meet the following eligibility requirements.

A company locating in a Metropolitan Statistical Area with a population of 300,000 or more in the most recent decennial Census must:

- Create 400 new full-time jobs with average salaries at least 1.5 times the local prevailing average wage; or create 300 new full-time jobs with average salaries at least twice the local prevailing average wage
- 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 1.5 times the local prevailing average wage
- Make a capital investment of at least \$6,500 per job



Source: Esri 2015, VEDP 2016

Kingsport-Bristol-Bristol

- Bristol
- Scott
- Washington

Roanoke

- Botetourt
- Craig
- Franklin
- City of Roanoke
- Roanoke
- Salem

Richmond

- Amelia
- Caroline
- Chesterfield
- Charles City
- City of Richmond
- Colonial Heights
- Dinwiddie
- Goochland
- Hanover

- Henrico
- Hopewell
- King William
- New Kent
- Petersburg
- Powhatan
- Prince George
- Sussex

Virginia Beach-Norfolk-Newport News

Virginia Beach-Norfolk-Newport News

- Chesapeake
- Gloucester
- Hampton
- Isle of Wight
- James City
- Mathews
- Newport News
- Norfolk
- Poquoson
- Portsmouth
- Suffolk
- Virginia Beach
- Williamsburg
- York

## Discretionary Incentives

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The amount of each performance grant is determined by the Secretary of Commerce and Trade, based in part on the Virginia Economic Development Partnership's (VEDP) return on investment analysis and recommendation, and is subject to the approval of the Governor. VEDIG grants are paid in no fewer than five equal annual installments beginning in the third year after the capital investment and job creation are completed. Companies are required to execute a performance agreement before receipt of the grant outlining performance expectations. Public announcement of the project must be coordinated with VEDP and the Governor's Office.

*Virginia Economic Development Partnership*  
*P. O. Box 798*  
*901 East Cary Street*  
*Richmond, Virginia 23218-0978*  
*804.545.5600*

<http://www.YesVirginia.org>

# Discretionary Incentives

## Governor's Agriculture & Forestry Industries Development Fund

The Governor's Agriculture and Forestry Industries Development Fund (AFID) is a tool for communities within the Commonwealth to grow their agriculture and forestry industries through strategic grants made to businesses that add value to Virginia-grown agricultural and forestry products. AFID grants are made at the discretion of the Governor with the expectation that grants awarded to a political subdivision will result in a new or expanded processing/value-added facility for Virginia grown agricultural or forestry products and with the expectation that the grant will be critical to the success of the project. The amount of an AFID grant and the terms under which it is given are determined by the Secretary of Agriculture and Forestry and subject to the approval of the Governor.

Grants are made to a political subdivision for a project under the following conditions:

- The business beneficiary is a facility that produces "value-added agricultural or forestal products"
- A minimum of 30 percent of the agricultural or forestry products to which the facility is adding value are grown within the Commonwealth of Virginia on an annual basis in normal production years
- The grant may not exceed \$500,000 unless the project is determined to have statewide or regional importance
- The political subdivision applying for the grant provides a dollar-for-dollar matching financial commitment (cash or in-kind)
- A performance agreement is executed between the applicant and the business beneficiary outlining the agreed upon job creation, capital investment, and purchase of Virginia grown agricultural or forestry products
- Public announcement of the project is coordinated with the Governor's Office

Grants may be used for a variety of purposes including public and private utility extension or capacity development on and off site; high-speed or broadband internet access extension or capacity development; road, rail, or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving, and any other activity required to prepare a site for construction; construction or build-out of buildings; or training.

*Virginia Department of Agriculture and Consumer Services*

*AFID Fund Coordinator*

*102 Governor Street*

*Richmond, Virginia 23219*

*804.786.6911*

[AFID@vdacs.virginia.gov](mailto:AFID@vdacs.virginia.gov)

<http://www.vdacs.virginia.gov/agriculture-afid-facility-grants.shtml>

# Discretionary Incentives

## Port of Virginia Economic & Infrastructure Development Grant

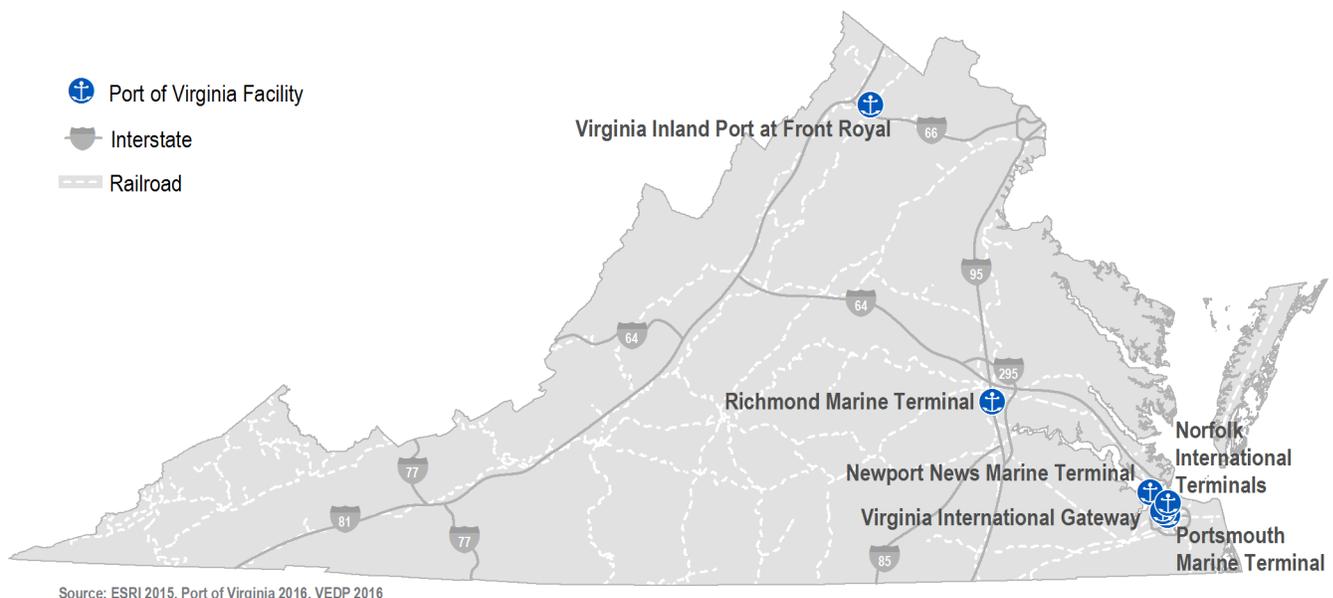
The Port of Virginia Economic and Infrastructure Development Grant, administered by the Virginia Port Authority, is designed to incentivize companies to locate new maritime-related employment centers or expand existing centers to encourage growth of The Port of Virginia.

A business entity that meets all four criteria listed below may be eligible for a cash grant from The Port of Virginia Economic and Infrastructure Development Fund:

1. Locates or expands a facility within the Commonwealth.
2. Creates at least 25 new, permanent full-time positions at a facility within Virginia from commencement of the project through the first full year of operation or during the year when the expansion occurs.
3. Is involved in maritime commerce, or exports or imports manufactured goods through The Port of Virginia.
4. Is engaged in one or more of the following: distribution, freight forwarding, freight handling, goods processing, manufacturing, warehousing, crossdocking, transloading, or wholesaling of goods exported and imported through The Port of Virginia; ship building and ship repair; dredging; marine construction; or offshore energy exploration and extraction.

The amount of the grant is calculated by the following formula, subject to a maximum amount of \$500,000 per year:

- 25–49 new jobs: \$1,000 per job
- 50–74 new jobs: \$1,500 per job
- 75–99 new jobs: \$2,000 per job
- 100+ new jobs: \$3,000 per job



## Discretionary Incentives

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To receive the grant, a qualifying company must apply to the Virginia Port Authority no later than March 31st in the year immediately following the first full year of operation or expansion within Virginia. The qualifying company must also agree to maintain the jobs at the facility within Virginia and continue to move cargo through The Port of Virginia for each of the three years following the receipt of the grant by entering into a Memorandum of Understanding with the Virginia Port Authority. In the event that the company fails to maintain the job number or cargo moving through The Port of Virginia during any of those three years, the company may be required to pay all or a portion of the grant back to the Virginia Port Authority.

A company that has received a grant from this fund may be eligible for a second grant if it locates or expands an additional facility in a separate location within the Commonwealth, creates at least 300 new permanent jobs, and increases cargo volumes through the Port of Virginia by at least five percent.

Please note, a company may not claim the Port of Virginia Economic and Infrastructure Development Grant, the Major Business Facility Jobs Tax Credit, or the International Trade Facility Tax Credit for the same jobs.

*Virginia Port Authority*  
600 World Trade Center  
Norfolk, Virginia 23510  
757.683.2125

<http://www.portofvirginia.com/stewardship/economic-development/ed-infrastructure-grant-program/>

# Regional & Local Assistance

## Tobacco Region Opportunity Fund

The Tobacco Region Opportunity Fund (TROF) provides performance-based monetary grants to localities in Virginia's tobacco producing regions (34 counties and six cities in Southside and Southwest Virginia as defined by the Virginia Tobacco Region Revitalization Commission) to assist in the creation of new jobs and investments, whether through new business attraction or existing business expansion. These grants are awarded at the Commission's discretion. The TROF program is intended to support the goal of the Commission to revitalize the economies of tobacco dependent regions and communities. This goal is measured by job creation, workforce participation rate, wealth, diversity of economy, and taxable assets.

Eligible projects must include:

- A minimum private capital investment of \$1 million within 36 months (amounts spent to acquire real estate will be counted as capital investment)
- A minimum of 10 jobs created within 36 months (the job minimum may be lowered if the jobs pay much higher than the local prevailing wage or the jobs are created in a locality with a very high unemployment rate)

A performance agreement will be required for all grants and repayment of all or part of grant funds is required if performance is not met. The Commission determines grant amounts based on local unemployment rates, prevailing wage rates, capital investment levels, industry type, and other factors determined by the Commission. Grants are limited to three per county per fiscal year. Applications from incorporated towns count against the county limit, but independent cities do not. An acknowledgement of the Commission must appear in any publication, announcement, or significant event related to the project.

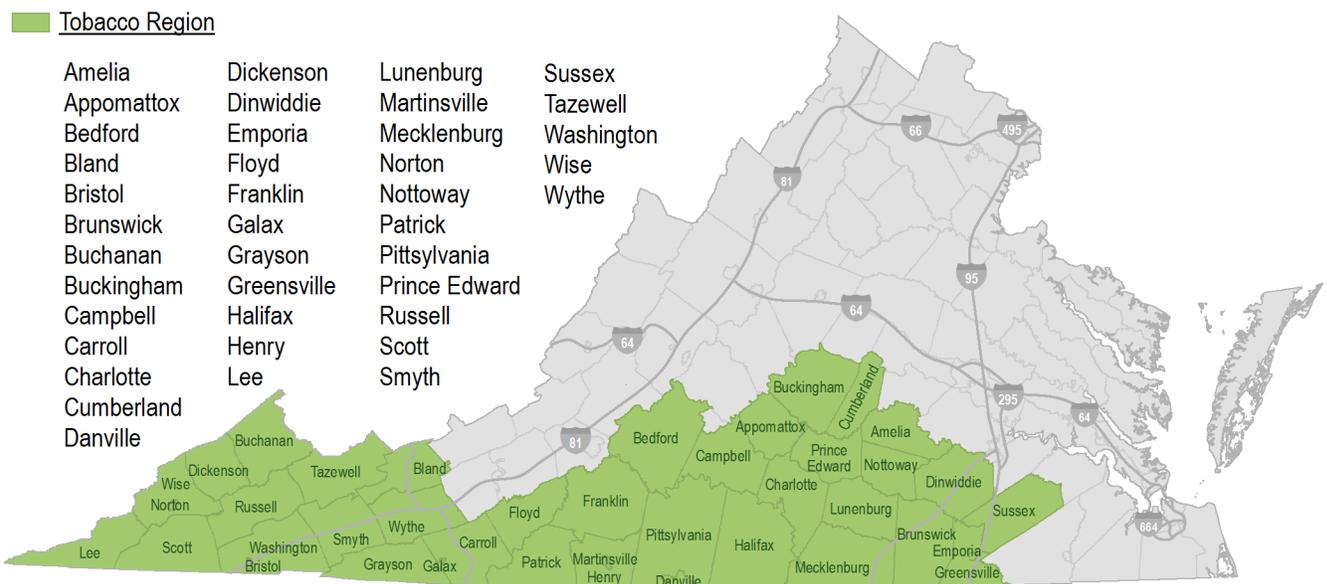
*Virginia Tobacco Region Revitalization Commission*

701 East Franklin Street, Suite 501

Richmond, Virginia 23219

804.225.2027

<http://www.tic.virginia.gov/tobregionoppfund.shtml>



Source: ESRI 2015, TRRC 2014, VEDP 2016

# Regional & Local Assistance

## Virginia Coalfield Economic Development Authority (Virginia's e-Region)

The Virginia Coalfield Economic Development Authority (VCEDA) works to enhance the economic base of Virginia's e-Region, the seven counties and one city of southwestern Virginia (Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, and Wise counties and the City of Norton). Virginia's e-Region focuses on electronic information technology, energy, education, emerging technologies, and existing industries.

The Authority provides low-interest loans to qualified new or expanding businesses through its financing program. The loans may be used for real estate purchases, construction or expansion of buildings, and the purchase of machinery and equipment.

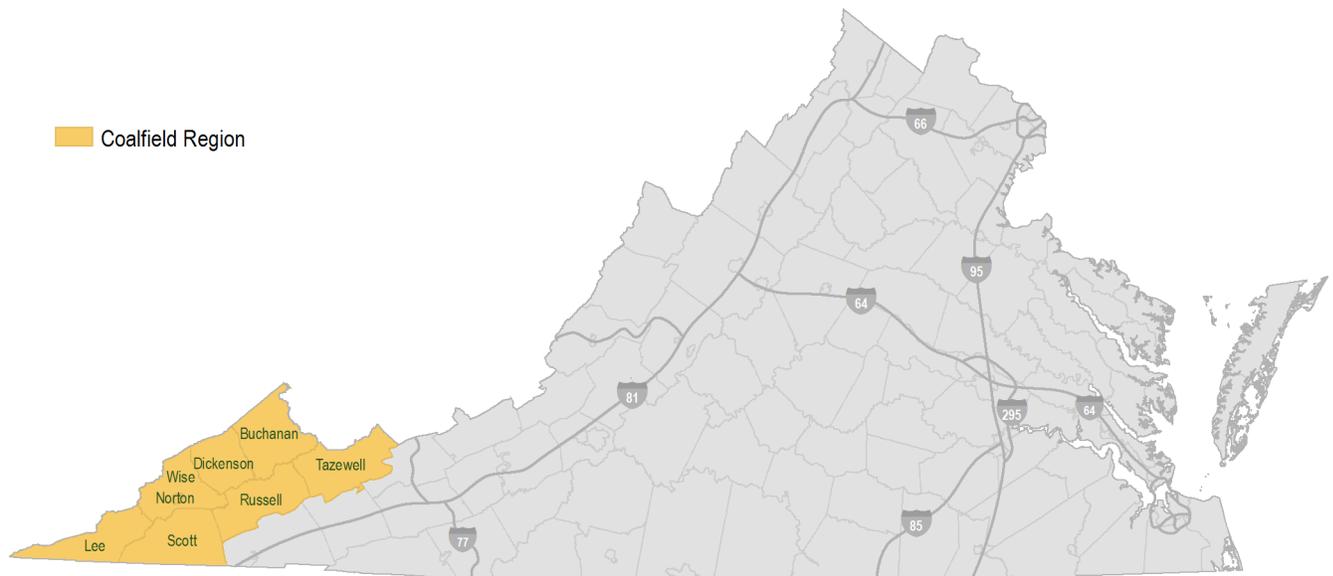
To be eligible for the VCEDA loans, private businesses must be basic employers that will bring new income to the area. Priority will be given to loans requiring \$10,000 - \$25,000 or less for each new full-time basic job created, depending upon wage rate. The average minimum hourly wage should equal or exceed 1.5 times the current federal minimum wage rate, or \$10.88. Any project providing at least 15 full-time jobs within 36 months of start-up will be given priority.

Program funding is derived primarily from the local coal and gas road improvement tax and the natural gas severance tax.

VCEDA also administers other funding programs designed to encourage economic development and diversification in Virginia's e-Region, including the Coalfield Regional Opportunity Fund (CROF). Eligibility requirements vary by program.

Virginia Coalfield Economic Development Authority  
P.O. Box 1060  
Lebanon, Virginia 24266  
276.889.0381

<http://vaceda.org/vceda-funding>



Source: ESRI 2015, VACEDA 2014, VEDP 2016

### Coalfield Region

- |           |         |          |
|-----------|---------|----------|
| Buchanan  | Norton  | Tazewell |
| Dickenson | Russell | Wise     |
| Lee       | Scott   |          |

## Regional & Local Assistance

### Virginia Enterprise Zone Program

The Virginia Enterprise Zone Program, administered by the Virginia Department of Housing and Community Development (DHCD), assists with business development and expansion in specially targeted areas throughout the state called enterprise zones. Virginia's Enterprise Zone Program offers two state incentives to qualified businesses and zone investors located in a Virginia Enterprise Zone. In addition to state incentives, each zone community offers additional local incentives to qualified businesses. In order to access Enterprise Zone incentives, companies must submit applications and all required attachments to DHCD by April 1st of each year.

#### Enterprise Zone Job Creation Grant

Qualified businesses in an enterprise zone are eligible for cash grants for permanent net, new jobs created over a four-job threshold. Qualifying jobs must offer health benefits and meet certain wage thresholds. Positions created over the four-job threshold that pay at least 1.75 times the federal minimum wage rate (\$12.69) are eligible for a maximum grant of \$500 per position per year for up to five years. Businesses in enterprise zone localities designated as high unemployment areas by DHCD can qualify for the \$500 grant using a lower wage threshold of 1.5 times the federal minimum wage (\$10.88). Positions that pay at least twice the federal minimum wage rate (\$14.50) are eligible for a maximum grant of \$800 per position per year for up to five years. Jobs with pay rates below these thresholds or without adequate health care benefits, as well as positions in retail, personal service, or food and beverage service, are not eligible for grants.

Grants are calculated based on the number of full months worked during a calendar year. In cases where a position is filled or is eligible for a grant for only a portion of the year, the grant is prorated based on the number of full months the position was filled and/or eligible for a grant. This applies to cases where there is a change in the wage rate, health benefits, or the federal minimum wage rate. Businesses must qualify for the grants annually. A business can receive grants for a maximum of 350 jobs annually above the four-job threshold. Businesses may qualify for additional five-year grant periods with additional job creation. Business facilities located in an enterprise zone and electing to receive this grant are not eligible for the Major Business Facility Job Tax Credit for the same jobs.

#### Enterprise Zone Real Property Investment Grant

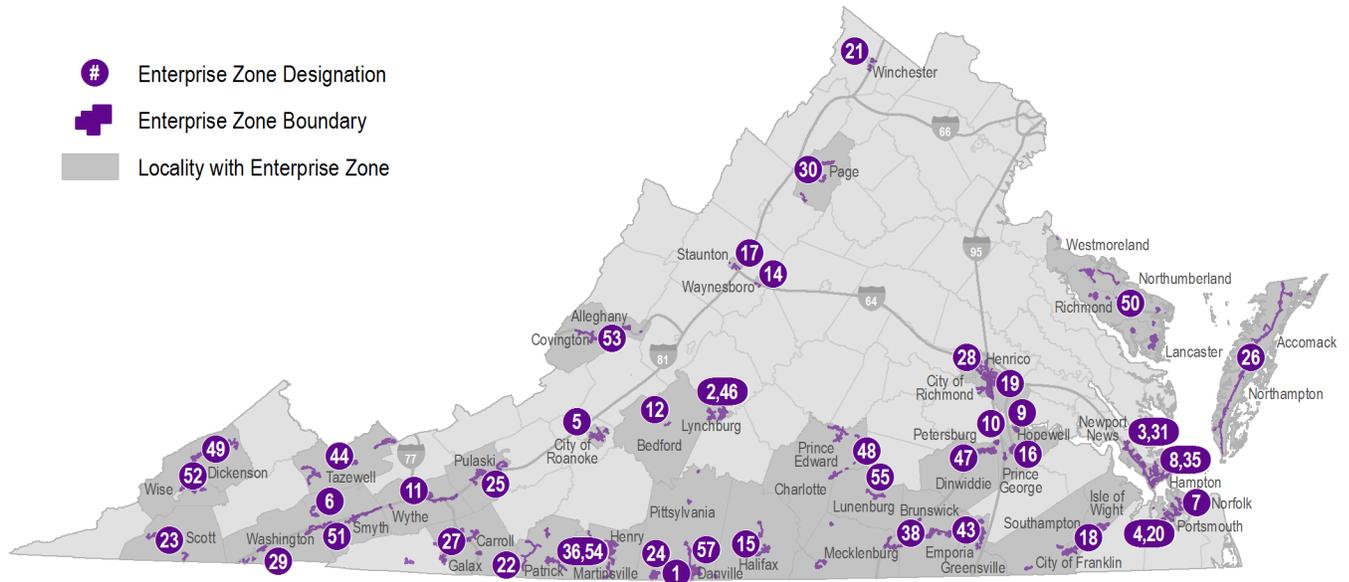
Qualified zone investors (entities and individuals) making a qualified investment in industrial, commercial, or mixed-use real property located within an enterprise zone are eligible for a cash grant. The grant is equal to 20 percent of the excess above the minimum required investment up to a maximum of \$100,000 for companies investing \$5 million or less in qualified real property investments. For companies investing more than \$5 million, the maximum grant is equal to 20 percent of the excess above the minimum required investment up to a maximum of \$200,000. Total grant awards may not exceed the maximums specified above within any five-year period for a specific building or facility. Investment in rehabilitation/expansion projects must equal at least \$100,000. New construction projects must invest at least \$500,000 in qualified real property investments.

Note: State Enterprise Zone incentives are subject to proration if the grants requested exceed allocated statewide funding. The Job Creation Grant receives funding priority and the Real Property Investment Grant is funded with the remaining balance.

*Virginia Department of Housing and Community Development  
600 East Main Street, Suite 300  
Richmond, Virginia 23219  
804.371.7030*

<http://www.dhcd.virginia.gov>

# Regional & Local Assistance



Source: DHCD 2016, ESRI 2015, VEDP 2016

1 Danville	17 Staunton	43 Emporia*/Greensville
2,46 Lynchburg	18 Isle of Wight/Southampton/ City of Franklin*	44 Tazewell*
3,31 Newport News	19 City of Richmond	47 Dinwiddie/Petersburg*
4,20 Portsmouth	21 Winchester	48 Charlotte/Lunenburg/ Prince Edward
5 City of Roanoke	22 Patrick/Stuart	49 Dickenson*/Clintwood/Haysi
6 Saltville/Smyth	23 Scott	50 Lancaster*/Northumberland/ Richmond/Westmoreland/ Kilmarnock/Warsaw
7 Norfolk	24 Pittsylvania	51 Smyth/Washington/ Chilhowie/Glade Spring
8,35 Hampton	25 Pulaski/Radford	52 Wise*
9 Hopewell*	26 Accomack/Northampton	53 Alleghany/Covington/ Clifton Forge
10 Petersburg	27 Carroll/Galax/Grayson	55 Lunenburg/Kenbridge/Victoria
11 Wythe	28 City of Richmond/Henrico	57 Pittsylvania/Danville*
12 Bedford	29 Bristol	
14 Waynesboro	30 Page*	
15 Halifax/South Boston	36,54 Martinsville*/Henry	
16 Prince George	38 Brunswick*/Mecklenburg	

\* Businesses in these zones are eligible to apply for the \$500 per job grant at the reduced wage rate of 150% of the federal minimum wage or \$10.88 per hour. If a joint zone, the wage reduction only applies to the part in the locality indicated.

# Regional & Local Assistance

## Foreign Trade Zones

Foreign trade zones (FTZs) allow businesses to defer paying U.S. Customs duties on imported goods held within the zones until the goods enter the United States for domestic consumption. No duties are paid if goods are re-exported. Companies also receive the benefit of not having to pay duties on broken or scrapped product. Businesses are allowed to store goods within foreign trade zones for an unlimited period of time. They are also allowed to manufacture products within zones and pay duties at the duty rate of either the foreign parts used or on the finished product, whichever is most advantageous to the company. Virginia offers six general-purpose FTZs designated by the U.S. Department of Commerce. Each of Virginia's six FTZs are Alternative Site Framework (ASF) designated which allows greater flexibility when adding new zone operations as well as expedited FTZ Board applications. Any property within the ASF designated area of a particular FTZ can obtain status as a usage driven FTZ site. All zones provide space for storage, distribution, and light assembly operations. These zones are geographically dispersed around the state and include the following:

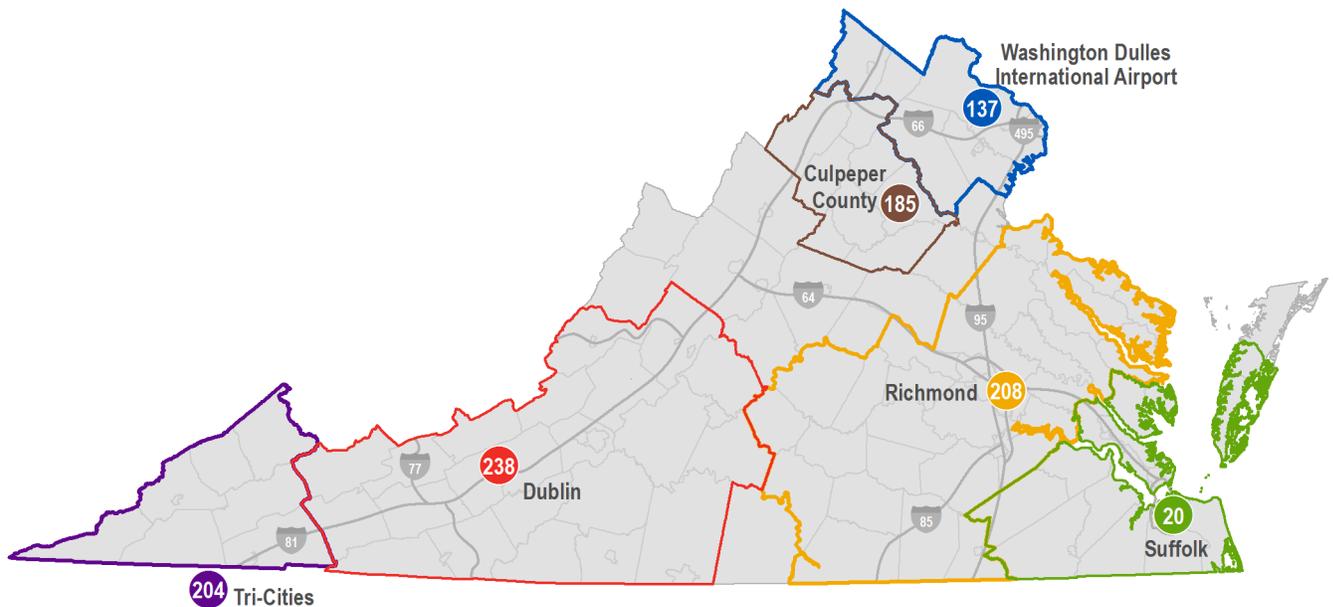
- 1. Suffolk FTZ #20.** The Virginia Port Authority administers Virginia's first foreign trade zone. FTZ #20 is the most active in the state and has a service area that includes the counties of Accomack (partial), Gloucester, Isle of Wight, James City, Mathews, Northampton, Southampton, Sussex, Surry, and York, and the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg. Contact: Laura Godbolt—757.683.2135
- 2. Washington Dulles FTZ #137.** Foreign trade zone #137 is located at Washington Dulles International Airport with six existing sites and two existing sub-zones. FTZ #137 also has two Alternative Site Framework (ASF) zones. The Grantee of FTZ #137 is Washington Dulles Foreign Trade Zone, Inc. Contact: Peggy Dyer—703.572.8714
- 3. Culpeper FTZ #185.** Located in north-central Virginia, the Culpeper foreign trade zone has three sites in its general-purpose zone, including a 78 acre site located on Route 29 and Route 666, a 104 acre site located at the Culpeper County Industrial Airpark, and a 64.6 acre site in Waynesboro. The zone also contains three subzones. Contact: Carl Sachs—540.727.3410
- 4. Tri-Cities TN/VA FTZ #204.** Foreign trade zone #204 has a service area in Virginia covering the counties of Buchanan, Dickenson, Lee, Russell, Scott, Washington, and Wise and the cities of Bristol and Norton. The Grantee of FTZ #204 is the Tri-Cities Airport Authority. Contact: Mark Canty—423.367.2385
- 5. Richmond FTZ #207.** Central Virginia's FTZ #207 includes on-airport warehousing options at the Richmond International Airport and over 100 acres available for development on-airport. Additional magnet sites are located in Ashland, Prince George, and South Hill. The approved ASF service area includes the counties of Amelia, Appomattox, Brunswick, Buckingham, Caroline, Charles City, Charlotte, Chesterfield, Cumberland, Dinwiddie, Essex, Greensville, Goochland, Hanover, Henrico, King and Queen, King George, King William, Lancaster, Lunenburg, Mecklenburg, Middlesex, New Kent, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond, Westmoreland, and the independent cities of Colonial Heights, Emporia, Hopewell, Petersburg, and Richmond. Contact: Russ Peaden—804.226.8520

# Regional & Local Assistance

**6. New River Valley Airport FTZ #238.** The New River Valley Economic Development Alliance administers Virginia's newest foreign trade zone. FTZ #238's service area encompasses 22 counties and nine cities in Southern, Central, and Southwest Virginia, and includes a 35 acre general-purpose zone at the New River Valley Airport in Dublin as well as a 200,000 square foot warehouse on a 15 acre site in Pulaski. Contact: Tabitha Hodge—540.267.0007 x201

U.S. Department of Commerce  
Foreign Trade Zone Board  
1401 Constitution Avenue, NW  
Washington, District of Columbia 20230  
202.482.1346

<http://enforcement.trade.gov/ftzpage/index.html>

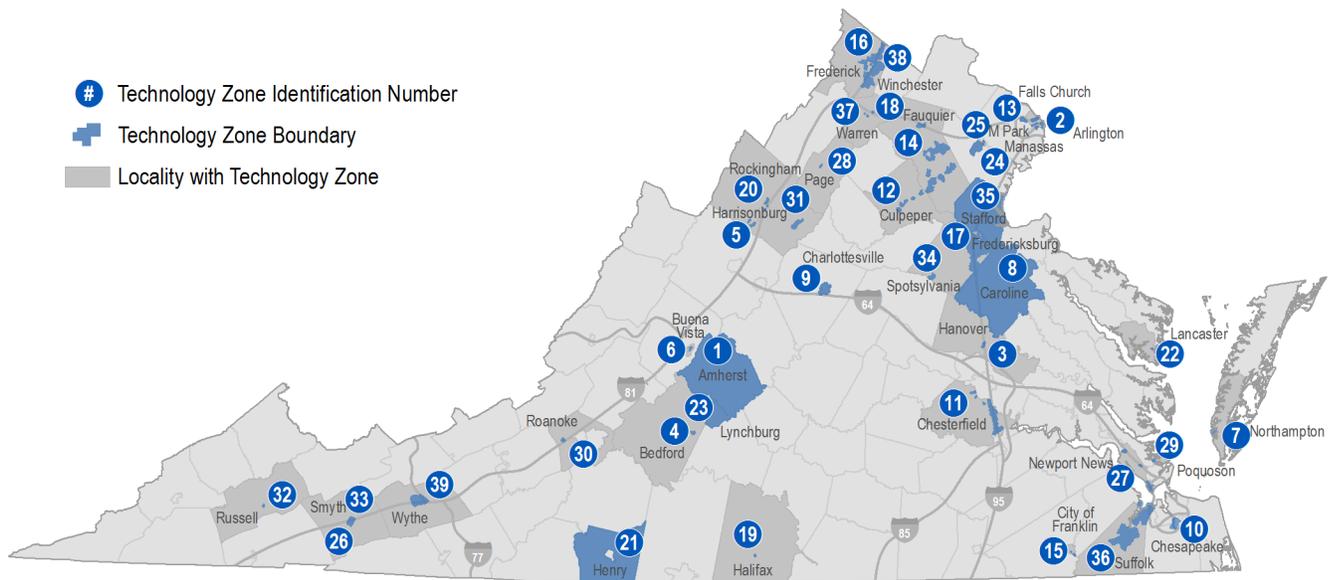


Source: ESRI 2015, International Trade Administration 2014, VEDP 2016

# Regional & Local Assistance

## Technology Zones

Virginia cities, counties, and towns have the ability to establish, by ordinance, one or more technology zones to attract growth in targeted industries. Qualified businesses locating or expanding operations in a zone may receive local permit and user fee waivers, local tax incentives, special zoning treatment, or exemption from ordinances. Once a local technology zone has been established, incentives may be provided for up to 10 years. Each locality designs and administers its own program. The establishment of a technology zone shall not preclude the area from also being designated as an enterprise zone.



Source: Esri 2015, VEDP 2016

- |                        |                        |                       |
|------------------------|------------------------|-----------------------|
| 1 Amherst              | 14 Fauquier            | 27 Newport News       |
| 2 Arlington            | 15 City of Franklin    | 28 Page               |
| 3 Town of Ashland      | 16 Frederick           | 29 Poquoson           |
| 4 Bedford              | 17 Fredericksburg      | 30 Roanoke County     |
| 5 Town of Bridgewater  | 18 Town of Front Royal | 31 Rockingham         |
| 6 Buena Vista          | 19 Halifax             | 32 Russell            |
| 7 Town of Cape Charles | 20 Harrisonburg        | 33 Smyth              |
| 8 Caroline             | 21 Henry               | 34 Spotsylvania       |
| 9 Charlottesville      | 22 Town of Kilmarnock  | 35 Stafford           |
| 10 Chesapeake          | 23 Lynchburg           | 36 Suffolk            |
| 11 Chesterfield        | 24 Manassas            | 37 Warren             |
| 12 Town of Culpeper    | 25 Manassas Park       | 38 Winchester         |
| 13 Falls Church        | 26 Town of Marion      | 39 Town of Wytheville |

# Regional & Local Assistance

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## Defense Production Zones

Virginia's cities, counties, and towns have the ability to establish, by ordinance, one or more defense production zones to attract growth in national defense-related businesses. Qualified businesses include:

- Service providers that support national defense, including, but not limited to, logistics and technical support
- Designers, developers, or producers of materials, components, or equipment required to meet the needs of national defense
- Companies deemed ancillary to or in support of the aforementioned categories

Establishment of a defense production zone allows localities to create special incentives and certain regulatory flexibility for qualified businesses locating or expanding operations in a zone. These incentives may include: a reduction of user and permit fees, a reduction of any type of gross receipts tax, special zoning treatment, permit process reform, exemption from local ordinances, or other incentives adopted by ordinance.

Once a defense production zone has been established, incentives may be provided for up to 20 years. Each locality designs and administers its own program. The establishment of a defense production zone shall not preclude the area from also being designated as an enterprise zone.

Fauquier County and the City of Manassas Park are currently the only localities to have established zones. Henrico County will create individual defense production zones based around individual projects on a case-by-case basis.

## Infrastructure Assistance

### Rail Industrial Access Program

The Rail Industrial Access Program provides funds to construct railroad tracks to new or substantially expanded industrial and commercial projects having a positive impact on economic development in Virginia.

In accordance with program guidelines, financial assistance to any one county, city, or town is limited to \$450,000 in any one fiscal year, and the locality may utilize the entire allocation for one project. The state program will provide a maximum of \$300,000 in unmatched funds. An additional \$150,000 is available if matched on a dollar-for-dollar basis.

Funds may be used to construct, reconstruct, or improve part or all of the necessary tracks and related facilities on public or private property. Funds may not be used for mainline switch, right-of-way acquisition, or adjustment of utilities.

Each application must be accompanied by a resolution from the local governing body requesting the allocation of the funds.

*Virginia Department of Rail and Public Transportation  
600 East Main Street, Suite 2102  
Richmond, Virginia 23219  
804.786.4440*

<http://www.drpt.virginia.gov/grantees/rail-grants/>

### Transportation Partnership Opportunity Fund

The Virginia Department of Transportation (VDOT) administers the Transportation Partnership Opportunity Fund (TPOF) which may be used to address transportation aspects of economic development opportunities.

TPOF monies are awarded at the discretion of the Governor in the form of grants, revolving loans, or other financial assistance to an agency or political subdivision of the Commonwealth for activities associated with eligible transportation projects.

Projects that are developed with monies from the Fund do not become private property but become or remain public property following completion. The transportation improvements have to be accomplished according to VDOT standards and specifications and have to be maintained by the appropriate public entity pursuant to relevant agreements.

*Virginia Department of Transportation  
Director of Financial Planning Division  
1401 East Broad Street  
Richmond, Virginia 23219  
804.786.3096*

<http://www.virginiadot.org/projects/tpof.asp>

# Infrastructure Assistance

## Economic Development Access Program

The Virginia Department of Transportation (VDOT) administers a program that assists localities in providing adequate road access to new and expanding manufacturing and processing companies, research and development facilities, distribution centers, regional service centers, corporate headquarters, government installations, and other basic employers with at least 51 percent of the company's revenue generated from outside the Commonwealth. The program may be used to:

- Improve existing secondary highway system roads and city streets to accommodate the anticipated additional and type of traffic generated by an eligible economic development site
- Construct a new road from a publicly maintained road to the new eligible establishment's primary entrance when no road exists

Access road construction is scheduled for completion simultaneously with the start-up of plant operations. The access road is not intended to serve as a haul road during plant construction. Before VDOT can act on a particular proposal, a resolution from the local governing body requesting the allocation of access road funds must be submitted to the department through the office of VDOT's local representative. The award amount is limited by the eligible capital investment of the company and the estimated cost of the access road.

In the event there is no new or expanding eligible establishment, a locality may request funding to provide adequate road access to eligible property under the program's option to bond the project until sufficient investment is established, warranting the cost for construction of the access road. Under this option, the locality must provide acceptable surety to VDOT and document eligible investment within the timeframe specified, beginning with the approval of the project.

The maximum award for an economic development access road is \$500,000. However, the state will fund an additional \$150,000 if the estimated cost of the project justifies it and the amount is matched on a dollar-for-dollar basis from sources other than those administered by the Commonwealth Transportation Board. The total yearly allocation for the Economic Development Access Program and the Rail Industrial Access Program is \$5.5 million.

For project sites meeting the Major Employment and Investment (MEI) definition in [§2.2-2260](#) of the Code of Virginia, a provision of the Economic Development Access Program allows a locality to receive up to the maximum \$500,000 unmatched and \$150,000 matched allocations for a design-only project. Furthermore, for these same MEI projects, the locality may receive up to a maximum allocation of \$500,000 unmatched (\$1 million over two years) and \$500,000 matched (\$3 million over two years) for an access road construction project with allocations cumulative for no more than two years. Including the matching funds from the locality, MEI sites may receive a total of \$3.8 million toward design and construction of an access road project.

*Virginia Department of Transportation  
Director of Local Assistance Division  
1401 East Broad Street  
Richmond, Virginia 23219  
804.786.2746*

<http://www.virginiadot.org/business/local-assistance.asp>

# Tax Incentives

## Corporate Income Tax

Virginia's corporate income tax is six percent and no unitary tax is levied on Virginia companies' worldwide profits. Corporations generally allocate their multistate income by using a three-factor apportionment formula that consists of a property factor, a payroll factor, and a double-weighted sales factor.

Virginia provides special apportionment formulas for certain motor carriers, financial corporations, construction corporations, railway companies, manufacturing companies, retail companies, and enterprise data centers. Of these, only the method that applies to manufacturing companies and enterprise data centers are optional. Manufacturing companies and enterprise data centers may elect to use a single factor apportionment based on sales to determine their Virginia taxable income.

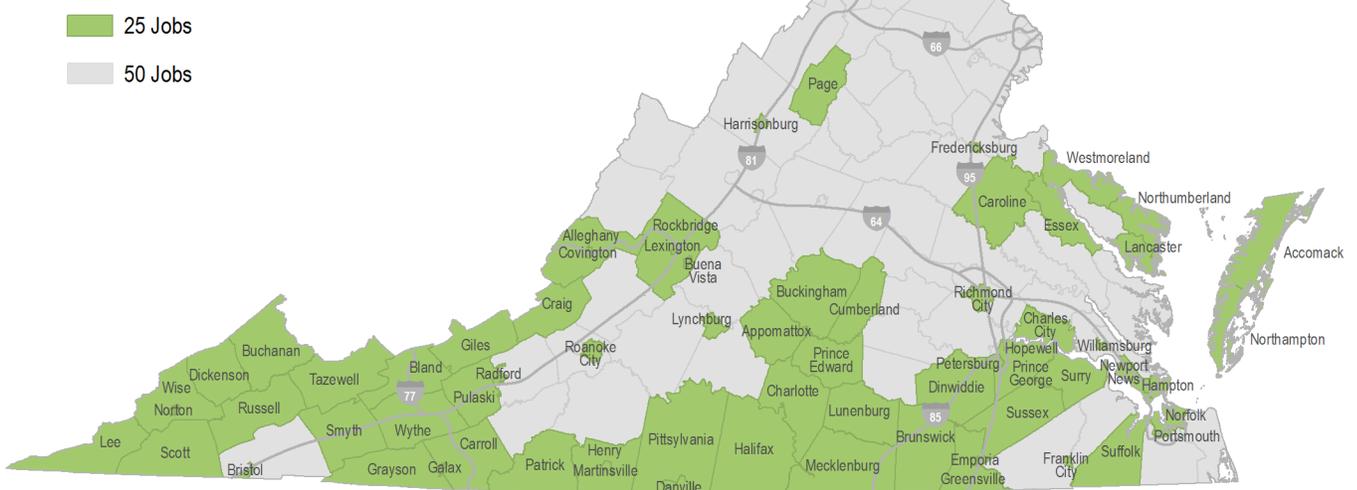
## Corporate Income Tax Credits

### Major Business Facility Job Tax Credit

Qualified companies locating or expanding in Virginia are eligible to receive a \$1,000 income tax credit for each new full-time job created over a threshold number of jobs beginning in the first taxable year following the taxable year in which the major business facility commenced or expanded its operations.

- 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).
- Non-qualifying jobs include seasonal or temporary jobs, positions in building and grounds maintenance, security, positions ancillary to the principal activities of the facility, and/or a job created when a position is shifted from an existing location within the Commonwealth to the new major business facility.
- Credits are available for taxable years before January 1, 2020. Unused credits may be carried over for up to 10 years.
- For jobs on the payroll for less than the full calendar year, the credit will be prorated.

### Major Business Facility Job Tax Credit Thresholds



Source: Esri 2015, VEDP 2016, VA Dept of Taxation 2016

# Tax Incentives

## **Refundable Research and Development Expenses Tax Credit**

For taxable years beginning before January 1, 2022, businesses may claim a tax credit equal to 15 percent of the first \$300,000 (\$45,000) in Virginia qualified research and development expenses incurred during the taxable year; or they may claim a tax credit equal to 20 percent of the first \$300,000 (\$60,000) in Virginia qualified research and development expenses if the qualified research was conducted in conjunction with a Virginia college or university.

Effective for taxable years on or after January 1, 2016, a taxpayer may elect to calculate the credit using an alternative, simplified method. Under such method, the credit is equal to 10 percent of the difference between the qualified research and development expenses paid or incurred by the taxpayer during the taxable year and 50 percent of the average qualified research and development expenses paid or incurred by the taxpayer for the three years immediately preceding the taxable year for which the credit is being determined. If no qualified research and development expenses were incurred in any one of the previous three years, then the credit is equal to five percent of the qualified research and development expenses paid or incurred during the relevant taxable year. Regardless of calculation method, the credit shall not exceed \$45,000 for any year. The exception is if the research is conducted in conjunction with a Virginia college or university. In this case the credit may not exceed \$60,000.

If the amount of the credit allowed exceeds the taxpayer's tax liability, the amount that exceeds the tax liability shall be refunded to the taxpayer. There is a statewide cap of \$7 million per fiscal year. If applications for credits total less than \$7 million, then the remaining balance of credits will be prorated among applicants, up to doubling the amount of their credits. Conversely, if applications for credits exceed \$7 million, applicants' credits will be prorated.

## **Major Research and Development Expenses Tax Credit**

For taxable years beginning on or after January 1, 2016, but before January 1, 2022, a taxpayer that incurs more than \$5 million of Virginia qualified research and development expenses during a taxable year may claim the Major Research and Development Expenses Tax Credit. The credit is equal to 10 percent of the difference between the qualified research and development expenses paid or incurred by the taxpayer during the taxable year and 50 percent of the average qualified research and development expenses paid or incurred by the taxpayer for the three taxable years immediately preceding the taxable year for which the credit is being determined. If no qualified research and development expenses were incurred in any one of the previous three years, then the credit is equal to five percent of the qualified expenses paid or incurred during the relevant taxable year.

The amount of the credit allowed may not exceed 75 percent of the total amount of income tax imposed upon the taxpayer for the taxable year. Any remaining credit amount may be carried forward for the next 10 taxable years.

The credit is capped at \$20 million per taxable year. If the total eligible credit requests exceed the \$20 million credit cap for all credits, each taxpayer will be granted a prorated amount of credits. No taxpayer with Virginia qualified research and development expenses in excess of \$5 million may claim both the Refundable Research and Development Expenses Tax Credit and the Major Research and Development Expenses Tax Credit for the same taxable year.

## **Recyclable Materials Processing Equipment Tax Credit**

An income tax credit is available to manufacturers for the purchase of certified machinery and equipment used for processing recyclable materials in taxable years beginning before January 1, 2020. The credit is equal to 20 percent of the purchase price paid during the taxable year for the machinery or equipment. For purposes of determining the purchase price paid, a taxpayer

# Tax Incentives

may use the original total capitalized cost of such machinery and equipment, less capitalized interest. In any taxable year, the amount of credit allowed cannot exceed 40 percent of the company's Virginia income tax liability before the credit. The unused amount of the credit may be carried over for 10 years. The Virginia Department of Environmental Quality (DEQ) must certify that the eligible equipment is integral to the recycling process before a taxpayer may claim this credit. For taxable years beginning on and after January 1, 2015, the credit is subject to a \$2 million cap per fiscal year. To apply for certification, a taxpayer must submit a completed application to DEQ by March 1st of the year following the year it purchased the machinery or equipment. To apply for an allocation of credits, a taxpayer must submit a completed application to the Department of Taxation by May 1st of the year following the year it purchased the machinery or equipment.

## **Worker Retraining Tax Credit**

Virginia employers will be eligible to receive an income tax credit equal to 30 percent of all expenditures made by the employer for eligible worker retraining. If the eligible worker retraining consists of courses at a private school, the credit is equal to the cost per qualified employee, up to \$200 per qualified employee annually, or \$300 per qualified employee annually if the eligible worker retraining includes retraining in a STEM or STEAM discipline. The credit has a statewide spending cap of \$2.5 million in any fiscal year. Eligible worker retraining consists of noncredit courses at Virginia community colleges and private schools, certified by the Virginia Economic Development Partnership, or retraining programs through apprenticeship agreements approved by the Commissioner of Labor and Industry.

## **Green Job Creation Tax Credit**

For taxable years beginning before January 1, 2018, a taxpayer will be allowed a credit against the Virginia personal or corporate income tax for each new green job created within the Commonwealth by the taxpayer. The amount of the annual credit for each new green job will be \$500 for each annual salary that is \$50,000 or more. The credit will be first allowed for the taxable year in which the job has been filled for at least one year and for each of the four succeeding taxable years, provided that the job is continuously filled during the respective taxable year. Each qualifying taxpayer may claim the credit for up to 350 green jobs.

A "green job" means employment in industries relating to the field of renewable, alternative energies, including the manufacture and operation of products used to generate electricity and other forms of energy from alternative sources that include hydrogen and fuel cell technology, landfill gas, geothermal heating systems, solar heating systems, hydropower systems, wind systems, and biomass and biofuel systems.

The amount of the credit may not exceed the total amount of Virginia income tax for the taxable year in which the green job was continuously filled. If the amount of credit allowed exceeds the taxpayer's tax liability for such taxable year, the amount that exceeds the tax liability may be carried over for credit against the income taxes of the taxpayer in the next five taxable years or until the total amount of the tax credit has been taken, whichever is sooner.

If the taxpayer is eligible for the Green Job Creation Tax Credit and creates green jobs in an enterprise zone, such taxpayer may also qualify for the benefits under the Enterprise Zone Job Grant Program. The taxpayer may not, however, claim this Green Jobs Tax Credit in addition to a Major Business Facility Job Tax Credit nor a federal tax credit for investments in manufacturing facilities for clean energy technologies that would foster investment and job creation in clean energy manufacturing.

# Tax Incentives

## Port Volume Increase Tax Credit

Prior to January 1, 2022, a taxpayer that is an agricultural entity, manufacturing-related entity, or mineral and gas entity that uses port facilities in the Commonwealth and increases its port cargo volume at these facilities by a minimum of five percent in a single calendar year over its base year is eligible to claim a credit against its income tax liability. The amount of the credit is generally equal to \$50 for each 20-foot equivalent unit (TEU), unit of roll-on/roll-off cargo, or 16 net tons of non-containerized cargo above the base year port cargo volume, as applicable, transported through a port facility during a major facility's first calendar year. For purposes of calculating the credit amount, one TEU is equivalent to 16 net tons of non-containerized cargo or one unit of roll-on/roll-off cargo. The Virginia Port Authority may waive the requirement that port cargo volume be increased by a minimum of five percent over base year port cargo volume for any taxpayer that qualifies as a major facility.

The maximum amount of tax credits allowed to all qualifying taxpayers pursuant to this section may not exceed \$3.2 million for each calendar year. If the credit exceeds the taxpayer's tax liability for the taxable year, the excess amount may be carried forward and claimed against income taxes in the next five succeeding taxable years. If applications for credits total less than \$3.2 million, then the remaining balance of credits will be prorated among applicants. Conversely, if applications for credits exceed \$3.2 million, applicants' credits will be prorated.

## International Trade Facility Tax Credit

A Virginia taxpayer is allowed a credit against its income tax liability if the taxpayer is engaged in port-related activities, uses maritime port facilities located in the Commonwealth, increases the amount of cargo transported through Virginia maritime port facilities by at least five percent, and either hires new qualified full-time employees or makes a capital investment to facilitate increased qualified trade activities. The amount of the credit earned is equal to either \$3,500 per new, qualified full-time employee or two percent of the new capital investment made by the taxpayer. The amount of the credit allowed shall not exceed 50 percent of the tax imposed for the taxable year. Any remaining credit amount may be carried forward for the next 10 taxable years. The fund is capped on a fiscal year basis at \$1.25 million and credits may be prorated if the fund is oversubscribed. The credit is scheduled to expire for taxable years beginning on and after January 1, 2022. No taxpayer may claim the International Trade Facility Tax Credit, the Port of Virginia Economic and Infrastructure Development Grant, or the Major Business Facility Job Tax Credit for the same jobs.

## Barge and Rail Usage Tax Credit

A company that is an international trade facility, as defined under the Barge and Rail Usage Tax Credit, that transports cargo through Virginia ports by barge or rail rather than by trucks or other motor vehicles on the Commonwealth's highways is allowed a credit against its income tax liability. The amount of the credit is \$25 per 20-foot equivalent unit (TEU), or 16 tons of non-containerized cargo, or one unit of roll-on/roll-off cargo moved by barge or rail. The credit has a spending cap of \$500,000 per fiscal year. Unused credits may be carried forward for five years. The credit is scheduled to expire for taxable years beginning on and after January 1, 2022.

*Virginia Department of Taxation*

*Tax Credit Unit*

*P.O. Box 715*

*Richmond, Virginia 23218-0715*

*804.786.2992*

<http://www.tax.virginia.gov/content/tax-credits>

# Tax Incentives

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## Property Tax Incentives

Virginia does not tax property at the state level; real estate and tangible personal property are taxed at the local level. Moreover, Virginia differs from most states in that its counties and cities are separate taxing entities. A company pays either county or city taxes, depending on its location. If the company is located within the corporate limits of a town, it pays town taxes as well as county taxes. In addition, Virginia localities do not have separate school district taxes.

**Virginia does not tax:** Intangible property, which includes: manufacturers' inventory; manufacturers' furniture, fixtures, or corporate aircraft; certified pollution control facilities and equipment; and solar energy equipment, facilities, and devices that collect, generate, transfer, or store thermal or electric energy.

**Localities have the option to fully or partially exempt the following property from taxation:** Certified recycling equipment; rehabilitated commercial/industrial real estate for up to 15 years; manufacturers' generating and co-generating equipment; certified solar energy devices; and environmental restoration sites (eligible real estate in the Virginia Voluntary Remediation Program).

**Localities may elect to tax the following tangible personal and real property at reduced rates:** Research and development tangible personal property; equipment used for biotechnology research, development, and production; semiconductor manufacturing machinery and tools; computer hardware and peripherals; aircraft; clean-fuel vehicles; tangible personal property used in the provision of certain internet services; tangible personal property owned by qualifying businesses in their first two taxable years; and energy-efficient buildings.

# Tax Incentives

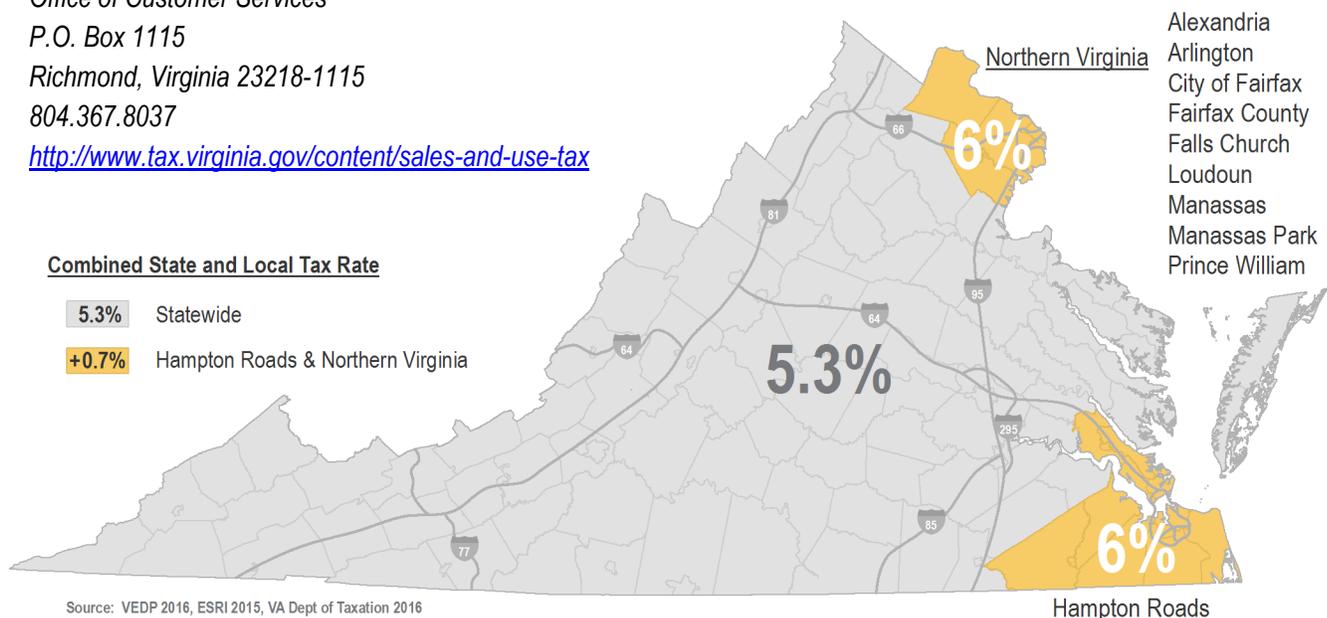
## Sales and Use Tax Exemptions

Virginia's combined state and local sales and use tax is 5.3 percent (4.3 percent state tax and 1 percent local tax). An additional regional sales tax is imposed in the Hampton Roads and Northern Virginia regions at a rate of 0.7 percent, for a total 6.0 percent rate. A seller is subject to a sales tax imposed on gross receipts derived from retail sales or leases of tangible personal property, unless the retail sales or leases are specifically exempt by law. When a seller does not collect the sales tax from the purchaser, the purchaser is required to pay a use tax on the purchase, unless the use of the property is exempt. Some important exemptions include:

- Manufacturers' purchases used directly in production including machinery, tools, spare parts, industrial fuels, and raw materials
- Items purchased for resale by distributors
- Certified pollution control equipment and facilities
- Custom computer software
- Utilities delivered through lines, pipes, or mains
- Purchases used directly and exclusively in research and development
- Most film, video, and audio production-related purchases
- Charges for internet access and sales of software via the internet
- Purchases used directly and exclusively in activities performed in cooperation with the Virginia Commercial Space Flight Authority
- Semiconductor clean rooms or equipment and other tangible personal property used primarily in the integrated process of designing, developing, manufacturing, or testing a semiconductor product
- Computer equipment purchased or leased for the processing, storage, retrieval, or communication of data in large data centers (requires a minimum capital investment, job creation, and wage level to qualify)
- Machinery, tools, equipment, and materials used by a licensed brewer in the production of beer and materials such as labels and boxes for use in packaging and shipment for sale

Virginia Department of Taxation  
Office of Customer Services  
P.O. Box 1115  
Richmond, Virginia 23218-1115  
804.367.8037

<http://www.tax.virginia.gov/content/sales-and-use-tax>



# Recruitment & Training Incentives

## Virginia Jobs Investment Program

The 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, and funding. Funding is provided as cash reimbursements and is performance-based, meaning that no funds are disbursed to participating companies until eligible positions have been filled for at least 90 days and capital investments have been made.

Eligibility for assistance in any of the VJIP program offerings is limited to basic sector businesses that directly or indirectly derive more than 50 percent of their revenues from out of state sources and pay at least 1.35 times the federal minimum wage, or \$9.79. Only full-time Virginia jobs eligible for benefits qualify for funding.

## Virginia New Jobs Program

The New Jobs Program is a vital part of the Commonwealth of Virginia's economic development efforts, providing services and funding to offset the cost of recruiting and training new workers. The program targets expansions of existing companies or new facility locations which involve competition with other states or countries. Expansions of existing companies or new company locations must create a minimum of 25 net, new jobs within 12 months from the date of the first hire and make a new capital investment of at least \$1 million.

## Small Business New Jobs Program

The Small Business New Jobs Program supports Virginia companies that have 250 employees or less company-wide. The program provides services and funding to small businesses to offset the cost of recruiting and training new workers. For the Small Business New Jobs Program, the business must create a minimum of five net, new jobs within 12 months from the date of first hire and make a new capital investment of at least \$100,000.

## Workforce Retraining Program

The Workforce Retraining Program provides services and funding to assist in upgrading the skills of existing workers. To be eligible for assistance, a company must demonstrate it is undergoing an integration of new technology in its production processes, changing product lines in keeping with marketplace demands, or substantially changing service delivery processes requiring an assimilation of new skills and technological capabilities. Companies that have over 250 employees company-wide must have a minimum of 10 full-time employees needing to be retrained, and a new capital investment of at least \$500,000 is required as the catalyst for the project. Companies that have 250 employees or fewer company-wide must have a minimum of five employees needing to be retrained and a capital investment of at least \$50,000.

*Virginia Jobs Investment Program*  
*Virginia Economic Development Partnership*  
P.O. Box 798  
Richmond, Virginia 23218-0798  
[VJIPmail@yesvirginia.org](mailto:VJIPmail@yesvirginia.org)  
804.545.5706

<http://www.yesvirginia.org/AssetRich/VJIP>

# Recruitment & Training Incentives

## Virginia's Community Colleges

Virginia's community colleges are well-positioned to align education and economic development to extend workforce development courses, training, and programs into the community. The Commonwealth's 23 colleges prepare a workforce able to respond to new and expanding businesses and industries across Virginia. Colleges serve employers through open enrollment courses that allow emerging or incumbent employees to upgrade their skills. Colleges also offer customized training services that provide employers with tailored training programs that meet specific training needs at a significant value. The result is a workforce that is better prepared to quickly meet changing workplace demands, ensuring that employers are better able to provide direct benefit to their community and economy.

### Open Enrollment

These short-term courses are open to the general public and give workers and job seekers an opportunity to develop and enhance workplace skills and prepare for industry recognized certifications. Often, by taking these open enrollment courses, workers are able to take on more responsibilities in their place of work, and businesses become more productive and efficient. Open enrollment classes are delivered in the classroom at the college or offered online.

### Customized Training

Virginia's community colleges further serve employers by identifying training needs, delivering training, and assessing training results. Customized training is convenient for the employer – delivered at the business or at the college on a schedule to meet the business's needs. By taking advantage of these responsive, cost-effective, and flexible programs, employers see improvement in productivity and company growth – an immediate benefit that gives them a competitive edge. Workforce development training services offer open enrollment and customized training focusing on, but not limited to:

- Business and professional development: project management, communications, human resources, and customer service
- Technical skills: cyber security, networking, web programming, and online marketing
- Health and wellness knowledge: medical coding, certified nurse assistant, medication aide, and pharmacy technician
- Manufacturing and trades skills: plumbing, HVAC, electrical, welding, and industrial maintenance mechanics
- Logistics and Transportation: commercial driver's license, logistician technician, and engine repair

### Career Readiness Certificate

The Career Readiness Certificate (CRC) provides employers with a standardized measurement tool to assess workplace skills of potential candidates and current employees to match the right person to the right job, reducing turnover and increasing productivity. WorkKeys® simplifies hiring by streamlining the application process and reduces training time and increases skill levels of existing employees. The CRC, based on the ACT WorkKeys® job skills assessment system, is available at Virginia's community colleges. To date, nearly 104,000 CRCs have been issued in Virginia. For more information about the CRC please visit [www.vccs.edu/crc/](http://www.vccs.edu/crc/).

Virginia Community College System  
Workforce Development Services  
300 Arboretum Place, Suite 200  
Richmond, Virginia 23236  
804.819.4985

<http://www.vccs.edu/workforce>

# Recruitment & Training Incentives

## Virginia Registered Apprenticeship Related Instruction Incentive Program

The Virginia Registered Apprenticeship Related Instruction Incentive Program (ARIIP) partially reimburses eligible sponsors and employers for certain costs of related instruction. Registered Apprenticeship instills loyalty in workers and decreases employee turnover because a registered apprenticeship provides valuable, life long career benefits including: certifications and licenses that matter to business and an opportunity to simultaneously learn and earn, with a graduated pay scale that recognizes increased skill attainment.

ARIIP is administered by the Virginia Department of Labor and Industry's (DOLI) Registered Apprenticeship Division. DOLI may reimburse the sponsor/employer, up to a maximum of \$1,000 annually, per apprentice, for a maximum of 10 apprentices per sponsor. Reimbursement is not guaranteed and is subject to available funding on a first-come, first-serve annual basis after successful completion of coursework.

*Virginia Department of Labor and Industry*  
*Registered Apprenticeship Division*  
Main Street Centre  
600 East Main Street, Suite 207  
Richmond, Virginia 23219  
804.371.2327

[http://www.doli.virginia.gov/apprenticeship/sponsors\\_occupations\\_2016.html](http://www.doli.virginia.gov/apprenticeship/sponsors_occupations_2016.html)

## New Economy Workforce Credential Grant Fund and Program

The New Economy Workforce Credential Grant Fund and Program will establish a workforce training program and incentivize real career pathways through industry-credential attainment in high-demand occupations at participating community colleges and higher education centers.

The grants can be used for selected programs at participating institutions from among Virginia community colleges, regional higher education centers, the Institute for Advanced Learning and Research in Danville, and the New College Institute in Martinsville. The Virginia Board of Workforce Development, State Council of Higher Education for Virginia, and each eligible institution will protect the integrity of the program to ensure results.

The fund will provide grants covering two-thirds of the tuition, up to \$3,000, for students who are enrolled in a workforce training program designed to fill in-demand jobs. As an incentive program, the state will pay a third of the costs, up to \$1,500, when students complete the program and make the final payment when they receive a certificate or license, up to \$1,500. Students will be responsible for the remaining share of the cost.

*State Council of Higher Education for Virginia*  
James Monroe Building  
101 N. 14th St., 10th FL  
Richmond, Virginia 23219  
804.225.2600

<http://www.schev.edu/>

# Recruitment & Training Incentives

## The Workforce Innovation and Opportunity Act

The Workforce Innovation and Opportunity Act (WIOA) provides federal funding for employment and training activities to enhance productivity and competitiveness. Through statewide and local workforce investment systems, WIOA attempts to increase employment, retention, skill levels, credential attainment, and earnings. In Virginia, the WIOA is administered at the state level by the Virginia Community College System. At the local level, workforce boards appointed by local elected officials oversee the program.

Through the one-stop service delivery network established by WIOA, available employment and training services include:

### For Employers:

- Assistance in finding qualified workers, including interview facilities
- Information on and referral to business start-up, retention, and expansion services
- Information and access to a variety of training-related resources to provide for a skilled workforce
- Information on labor markets, workplace accommodations, and tax credits for new hires

Some of the specific training options of value to employers funded by WIOA include:

- On-the-job training (OJT), which allows the employer to be reimbursed for up to 75 percent of the participant's wage rate to compensate for employer costs during training
- Customized training, which allows up to 75 percent of an employer's training costs to be covered by WIOA funds for training designed to meet the needs of an employer, or group of employers, if there is a commitment to employ or retain individuals at the completion of training
- Incumbent worker training, which provides the opportunity to upgrade skills of the existing workforce

### For Individuals:

- Job, career, and skill self-assessment tools and assessment services
- Information about and access to a variety of educational and training resources to enhance skill levels and make individuals either work-ready or provide opportunities for advancement along their career pathway
- Information about and access to other supportive services that can help guarantee success while in educational or training programs

The majority of WIOA funding is passed directly to 15 local workforce development areas for direct service delivery. In addition, WIOA funds at the state level can assist businesses with layoff aversion strategies and fund rapid-response services to workers affected by plant closings and other dislocations.

*Virginia Community College System  
Workforce Development Services  
300 Arboretum Place, Suite 200  
Richmond, Virginia 23236  
804.819.1680*

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

# Management & Technical Support

## International Trade

The Virginia Economic Development Partnership's (VEDP) Division of International Trade helps Virginia companies sell their manufactured goods and services to markets around the world. Recipient of the nation's highest award in export promotion with the President's E-Star Award, the International Trade Division annually serves 300+ Virginia companies. It maintains offices across the state and offers a global network of on-call consultants in over 75 countries.

Through the Virginia Leaders in Export Trade (VALET) program and its Global Network, VEDP works with all types of companies to increase their international sales into new markets. VALET is VEDP's marquee international trade program that helps Virginia companies gain a profitable foothold in global markets. Since its inception, over 200 companies representing a wide cross-section of industry have been accepted into and graduated from the VALET program.

Through the Going Global Defense Initiative, the International Trade Division also helps Virginia's defense-related companies diversify into new international markets with assistance such as market research, export compliance, and matchmaking. Virginia International Trade Alliance (VITAL), an initiative managed by VEDP, expands the International Trade Division via formal partnerships with Virginia's public universities, industry associations, and the Virginia Chamber of Commerce to serve their member companies as they expand international sales.

*Virginia Economic Development Partnership  
International Trade  
P.O. Box 798  
Richmond, Virginia 23218-0798  
804.545.5755*

<http://www.exportvirginia.org>

## Virginia's Small Business Development Center Network

The Virginia Small Business Development Center Network (SBDC) provides professional business counseling, training, and information resources to help grow and strengthen Virginia businesses. SBDC professionals assist with business planning, marketing, financial analysis, access to capital, exporting, innovation, commercialization, and business start-up issues. For established firms, emerging companies, or aspiring entrepreneurs, the SBDC is where business comes to talk business.

The SBDC Network is the most extensive business development program in Virginia, with 29 local centers across the state. The Network is a partnership between the U.S. Small Business Administration, George Mason University's Mason Enterprise Center, and local sponsors including universities, community colleges, chambers of commerce, municipalities, and economic development organizations.

*Virginia SBDC Network  
George Mason University - Mason Enterprise Center  
4031 University Drive, Suite 100  
Fairfax, Virginia 22030  
703.277.7703*

<http://www.virginiasbdc.org>

# Management & Technical Support

## Center for Innovative Technology

The Center for Innovative Technology (CIT) has been accelerating innovation, technology, and technology-based economic development opportunities and strategies for the Commonwealth of Virginia since 1984. CIT carries out its mission through four service lines: CIT Entrepreneur, CIT R&D, CIT Connect, and CIT Broadband. Through all these activities, CIT leverages public and private sector investments to develop Virginia's new innovation economy that is creating new, high-growth companies and sustainable job growth.

### **CIT Entrepreneur: Access to Capital**

Because the availability of early-stage capital is critical for many emerging technology companies, CIT offers the CIT GAP Funds and Federal Funding Assistance Program. The CIT GAP Funds make seed-stage equity investments in Virginia-based technology, green technology, and life science companies with high growth potential. The GAP Funds are overseen by CIT and private sector experts, the Investment Advisory Board, who conduct thorough due diligence on the companies before making investments.

CIT's Federal Funding Assistance Program (FFAP) identifies and accelerates opportunities for Virginia's small technology businesses to obtain Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) funding from 11 federal agencies. CIT hosts low cost workshops, webinars, mentoring, expert consultant support, and small proposal development grants for Virginia based firms and university researchers.

### **CIT R&D: Strategic Investments in Research Commercialization**

The CIT R&D team facilitates commercialization of research and brings together public and private sector teams to develop and deploy marketable solutions. They manage the Commonwealth Research Commercialization Fund (CRCF), which invests in research and commercialization at Virginia colleges and universities, companies, federal labs, and other research institutions in their efforts to advance technology and drive economic growth in the Commonwealth. In the four years since the program's inception in FY2012, the CRCF has awarded funding to more than 180 projects, with \$2.8 million available to award in fiscal year 2017. Closely aligned with the CRCF in driving economic growth are the Commonwealth Research and Technology Strategic Roadmap (Roadmap) and the Innovation and Entrepreneurship Measurement System (IEMS). The Roadmap is a strategic planning tool that identifies key industry sectors with commercial promise that are worthy of institutional focus and economic development for Virginia. The IEMS is a web-based portal that uses key metrics and outcomes to track the performance of Virginia's innovation economy.

### **CIT Connect: Finding and Assimilating Innovation**

CIT Connect works with state, federal, and corporate consumers of technology to assimilate and deliver unique and innovative value-add solutions to clients in Virginia and across the nation. As the consulting branch of CIT, CIT Connect provides various consulting services and programs tailored to meet individual client needs. In addition, CIT Connect facilitates the ongoing operation and maintenance of the Virginia Longitudinal Data System (VLDS) and the Nevada P-20 to Workforce Research Data System (NPWR). CIT Connect also provides management and support for the Department of Homeland Security's EMERGE program, a business accelerator created to streamline the assimilation of new technologies for first responders nationwide. CIT Connect employs a variety of in-house experts in the technology space to deliver innovative technology solutions to customers in K-12 and higher education, health IT, security, and mobile learning.

# Management & Technical Support

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## **CIT Broadband: New Infrastructure for the New Innovation Economy**

CIT Broadband is the only resource in Virginia that works comprehensively to establish broadband infrastructure, accelerating the socio-economic growth of Virginia's rural and underserved areas. CIT Broadband is an honest broker between providers and customers, a trusted resource for localities, a market analyst, and an advocate for broadband adoption and use.

*Center for Innovative Technology*  
2214 Rock Hill Road, Suite 600  
Herndon, Virginia 20170  
703.689.3000

<http://www.cit.org>

# Financing Assistance

## Virginia Small Business Financing Authority

The Virginia Small Business Financing Authority (VSBFA) provides small businesses and communities with debt financing resources for business formation and expansion. VSBFA's definition of "small" business is \$10 million or less in annual revenues over each of the last three years; a net worth of \$2 million or less; fewer than 250 employees in Virginia; or qualification as a 501(c)(3) non-profit entity.

**Industrial Development Bonds (IDBs).** The VSBFA issues tax-exempt and taxable bonds to provide businesses and 501(c)(3) corporations with access to long-term, fixed asset financing at favorable interest rates and terms. IDBs can fund land acquisition, building construction, and capital asset (equipment) purchases. Eligible borrowers include new or expanding manufacturing companies, "exempt" facilities such as solid waste disposal facilities, and 501(c)(3)s. Through IDBs, creditworthy manufacturers and 501(c)(3) corporations can borrow up to 100 percent of the cost of acquiring, constructing, and equipping a facility, including site preparation. IDBs may also facilitate tax-exempt funding for leased manufacturing facilities and equipment. All projects financed with IDBs must meet federal tax code eligibility requirements. The maximum manufacturing project size is \$20 million; 501(c)(3) corporations and exempt projects are not subject to this dollar limitation. At current interest rates, projects under \$3 million are generally not cost-effective due to the transaction costs of bond financing. Interested companies should contact the VSBFA.

**Economic Development Loan Fund (EDLF).** The Virginia EDLF offers permanent working capital, owner occupied commercial real estate, and equipment loans to fill the "gap" unmet by equity, conventional financing, and other sources (COF, Historic Tax Credits, etc.). Project eligibility is determined by guidelines set by the federal Economic Development Administration (EDA) and the VSBFA. Eligible borrowers include local Industrial or Economic Development Authorities and businesses engaged in technology, biotechnology, tourism, engine and vehicle manufacturers for the professional motor sports industry, basic industries, manufacturing, and those businesses or entities that provide for a locality's economic and "quality of life" development. Businesses that derived 15 percent or more of their revenues from defense-dependent activities and can demonstrate economic hardship related to defense downsizing may also apply. Eligible projects must provide economic benefit to the community through job creation/retention (minimum \$10.00 hourly wage) or by enhancing a locality's ability to attract private capital investment. The maximum loan amount is generally the lesser of 40 percent of the total project cost or \$500,000 unless the project is located in a city/county defined by the EDA as "economically distressed." Loans in distressed areas can be higher – potentially in excess of \$1 million depending on risk factors, the number of jobs created, and the region in which the project is located. Generally, loans have 10-year maturities with amortizations based on the life of the asset and the borrower's ability to repay. Rates are risk-based but can be below market. Loans are secured by assets and require personal guaranties. Businesses apply directly to the VSBFA.

**Loan Guaranty Program.** The Loan Guaranty Program reduces bank commercial loan risk to increase the availability of small business loans. The maximum guaranty is the lesser of 75 percent of the credit amount or \$750,000. The guaranty term is no longer than seven years. Eligible borrowers must be a VSBFA-defined small business and meet VSBFA credit standards. Loan purposes include lines of credit for accounts receivable and inventory and term loans for permanent working capital and fixed asset purchase. Businesses apply directly to the bank. Interested banks then contact the VSBFA if a guaranty is desired and the borrower creditworthy.

## Financing Assistance

**SWaM Loan Fund (SLF).** The SLF funds a maximum of \$10,000 in loans to existing Virginia small businesses. Eligibility requirements are a minimum of two years of active operation in the Commonwealth and business owners/loan guarantors' credit scores must be at least 650 each. Terms are a maximum of four years and rates are Wall Street Journal Prime plus three percent. If a business has received counseling from a Virginia Small Business Development Center, the maximum loan amount may increase to \$25,000. Interested parties should apply directly to the VSBFA.

**Virginia Capital Access Program (VCAP).** The VCAP promotes business credit by mitigating risk through a form of loan portfolio insurance for participating lenders. Businesses must meet the definition of a small business with credit approval performed by the bank. The lender notifies the borrower that the loan will be VCAP enrolled and sets the fee (two to seven percent of the enrolled amount). VSBFA matches the fee and the monies are used as special loan loss reserve accounts. Maximum enrolled amounts are \$500,000 and maximum term is 10 years. Interested parties should apply to a participating bank.

**Cash Collateral Program (CCP).** The CCP is designed to help Virginia's businesses obtain the funds to start, enhance, or expand their operations, and thereby create or maintain jobs in the Commonwealth. The VSBFA's participation helps reduce a lender's credit risk by providing cash collateral on deposit at the lender bank as support for a business purpose loan. Most typically, the CCP is used in those instances when the applicant company has demonstrated the ability to cash flow the debt, but the collateral coverage is insufficient for the lender's normal underwriting standards. It is also used for SBA 504 loans when the lending bank is funding the certified development company's loan pending the sale of a debenture. The VSBFA can provide cash collateral up to 40 percent of a loan or \$500,000, whichever is less, with a maximum relationship participation between the borrower and the VSBFA of \$500,000. The lender sets the interest rates and terms. The VSBFA's participation is for a maximum of five years on term loans. Annual lines of credit not matured may be renewed up to two times with a maximum term of three years. Interested parties should apply to a participating lender.

**Small Business Investment Grant Fund (SBIGF).** Virginia taxpayers that invest in Virginia businesses may qualify for cash grants of up to 10 percent of their investment amount. Qualified investments can be in the form of cash equity or subordinated debt. For investors to be eligible for the grant, they must invest in a business that has been certified as a qualifying small business by the Virginia Small Business Financing Authority. Investors must be certified as eligible also. Eligibility requirements are defined in the Code of Virginia, Chapter 16.1 of Title 2.2 §2.2-1616.

*Virginia Small Business Financing Authority  
101 North 14th Street, 11th Floor  
Richmond, Virginia 23219  
804.371.8254*

<http://www.vabankers.org/VSBFA>

# Financing Assistance

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## Community Development Block Grants

Community Development Block Grant funds (CDBG) are available to eligible cities, counties, and towns to support local community and economic development activities. Funds may be used for off-site development such as public facilities improvements including, but not limited to, construction of access roads, water and sewer line extensions, and installation of fiber network for telecommunications.

Funds may also be available as loans for on-site redevelopment that supports economic development, subject to underwriting. CDBG funds are available for small business and entrepreneurship development, revitalization of a downtown or other commercial district, and projects resulting in job creation and retention. Funds are awarded to localities on a competitive basis during an annual application cycle. Funds are also awarded noncompetitively, provided certain thresholds are met. Applications for these funds may be submitted at any time from January 1st through September 30th. At least 51 percent of jobs created or retained by a project using CDBG funding must be held by or made available to low and moderate-income persons. The Virginia Department of Housing and Community Development administers the non-entitlement portion of the federal CDBG program for cities and towns with populations under 50,000 and counties with populations under 200,000. The U.S. Department of Housing and Urban Development administers the CDBG entitlement program for metropolitan areas.

*Virginia Department of Housing and Community Development  
Main Street Centre  
600 East Main Street, Suite 300  
Richmond, Virginia 23219  
804.371.7061*

<http://www.dhcd.virginia.gov>

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# CONTACT

901 East Cary Street  
P.O. Box 798  
Richmond, Virginia 23218-0798  
Phone: 1.804.545.5600  
Fax: 1.804.545.5631  
Email: [info@YesVirginia.org](mailto:info@YesVirginia.org)

OR GO TO  
**YESVIRGINIA.ORG**

