

ECONOMIC DEVELOPMENT INCENTIVES

Data Center and Manufacturing Incentives, 2019

Data centers in distressed areas ► The General Assembly may wish to consider amending § 58.1-609.3 of the Code of Virginia to further reduce or remove the minimum job creation requirement of the sales and use tax exemption for data centers locating in a distressed area or an enterprise zone. (Recommendation 1)

Data center work group ► The General Assembly may wish to consider including language in the Appropriation Act directing the Secretary of Finance to convene a work group consisting of the Secretaries of Transportation, Commerce and Trade, and Administration; the staff directors of the House Appropriations Committee and Senate Finance Committee, or their designee; and other relevant agency stakeholders to conduct a data center industry study to examine actions that could be taken to maintain the state's competitive position to attract data centers and examine whether the opportunity exists to reduce the level of the exemption without adversely affecting industry growth. (Recommendation 2)

Impact of data center exemption ► The General Assembly may wish to amend § 58.1-609.3 of the Code of Virginia to require that (1) all data centers using the data center sales and use exemption be required to submit an annual report including their employment level, capital investment, and tax benefit to the Virginia Economic Development Partnership (VEDP) and (2) the Department of Taxation (TAX), in consultation with VEDP, publish an annual report on the data center exemption which should include, at a minimum, aggregate information on qualifying expenses that were exempt from the retail sales and use tax and the total value of the tax benefit. (Recommendation 3)

Incorporating local strategy with custom grants ► The General Assembly may wish to consider amending § 30-312 of the Code of Virginia to require that information on how custom grants align with state and regional target industries and strategic economic development plans be included in the annual report of the Major Employment and Investment Project Approval Commission. (Recommendation 5)

Green jobs and energy tax credits ► The General Assembly may wish to consider eliminating the Green Job Creation Tax Credit and the Biodiesel and Green Diesel Fuel Producers Tax Credit. (Recommendation 8)

OPTION Pollution control exemption ► The General Assembly could amend § 58.1-609.3 or § 58.1-3660 of the Code of Virginia to clarify that the equipment or facility does not need to be constructed before certification can be granted for purposes of claiming the Pollution Control Equipment and Facilities Sales Tax Exemption. (Option 1)

Workforce and Small Business Incentives, 2018

Workforce and small business incentives ► The General Assembly may wish to consider amending the Code of Virginia to increase the minimum wage requirements for the Virginia Jobs Investment Program and the Small Business Jobs Grant. (Recommendation 1)

Small business incentives ► The General Assembly may wish to consider amending § 2.2-1616 of the Code of Virginia to direct the Virginia Small Business Financing Authority (VSBFA) to develop and use a scoring system to (i) award the Small Business Investment Grant and (ii) set the reimbursement rate for each award. The scoring system should be based on project characteristics and other criteria as determined by VSBFA. (Recommendation 6)

OPTION Small business incentives ► The General Assembly could consolidate the Small Business Jobs Grant into the Virginia Jobs Investment Program administered by the Virginia Economic Development Partnership. (Option 1)

OPTION Small business incentives ► The General Assembly could amend § 2.2-1616 of the Code of Virginia to (i) make professional investors eligible for Small Business Investment Grant funding and (ii) impose a minimum investment threshold. (Option 2)

Film Incentives, 2017

Film incentives ► If the General Assembly decides to maintain the film incentive program in Virginia, the General Assembly may wish to consider amending the Code of Virginia to repeal § 58.1-439.12:03, which establishes the Motion Picture Production Tax Credit, and to incorporate the tax credit criteria and reimbursement rate provisions into § 2.2-2320, which establishes the Governor's Motion Picture Opportunity Fund. (Recommendation 1)

OPTION Film incentives ► The General Assembly could consider eliminating the Motion Picture Production Tax Credit and the Governor's Motion Picture Opportunity Fund. (Option 1)

OPTION Film incentives ► The General Assembly could consider maintaining a film incentive program in Virginia and making substantive changes to improve the effectiveness and the economic benefit of the program. (Option 2)