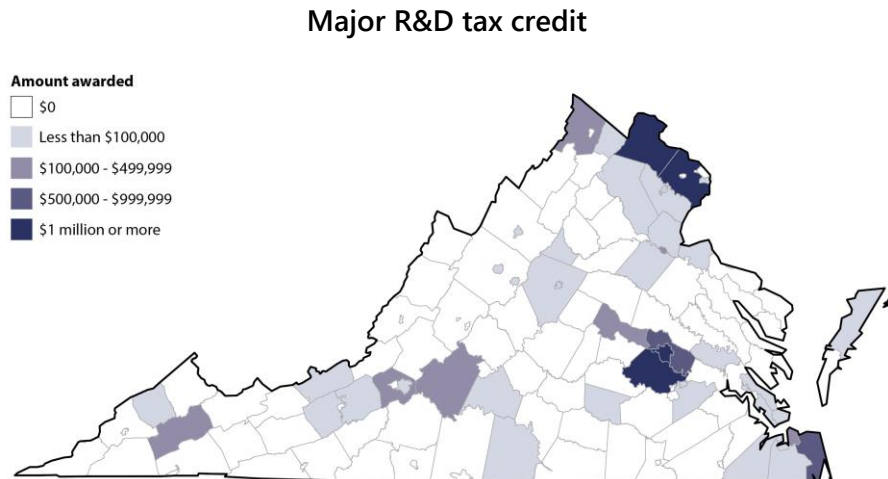


Appendix E: R&D tax credits by locality

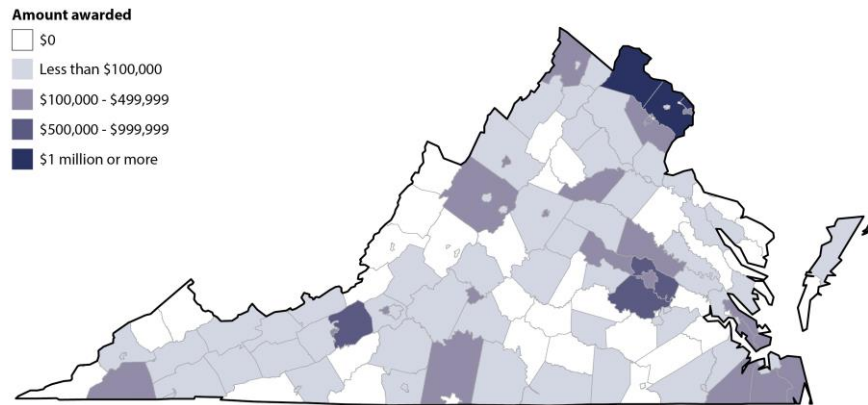
Most of the R&D tax credit utilization occurs by firms in Northern Virginia. Seventy-three percent of the major R&D tax credit utilization occurs in the Northern Virginia Regional Commission service area (i.e., Arlington, Fairfax, Loudoun, and Prince William counties and Alexandria, Fairfax, Manassas, and Manassas Park cities), and nearly all (99 percent) occurred in metropolitan areas. Fifty-one percent of R&D expenses tax credit utilization occurs in the Northern Virginia Regional Commission service area (Figure E-1), and 95 percent occurred in metropolitan areas. This is more concentrated than the distribution of awards for other grant programs, with 51 percent of state economic development incentive grant awards to firms in Northern Virginia and 81 percent to firms in metropolitan areas.

FIGURE E-1

Research and development tax credit usage was concentrated in Northern Virginia



R&D expenses tax credit



SOURCE: Weldon Cooper Center analysis of tax credit data from Virginia Tax and firm location information from the Virginia Employment Commission Quarterly Census of Employment and Wages records.

NOTE: Estimates by locality represent credits claimed on corporate returns only. For companies with multiple establishments, tax credits were apportioned to a locality by year based on the portion of total firm statewide employment by locality in each year.