JLARC
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

November 9, 2026



Economic Development Incentives 2026

Commission Briefing

JLARC evaluation of economic development incentives

- Appropriation Act directs JLARC to evaluate economic development incentives on an ongoing basis
  - Spending and business activity
  - Economic benefits
  - Effectiveness
  - Economic benefits (biennially)

2026 Appropriation Act, Special Session 1, Chapter 1, Item 25 (E).

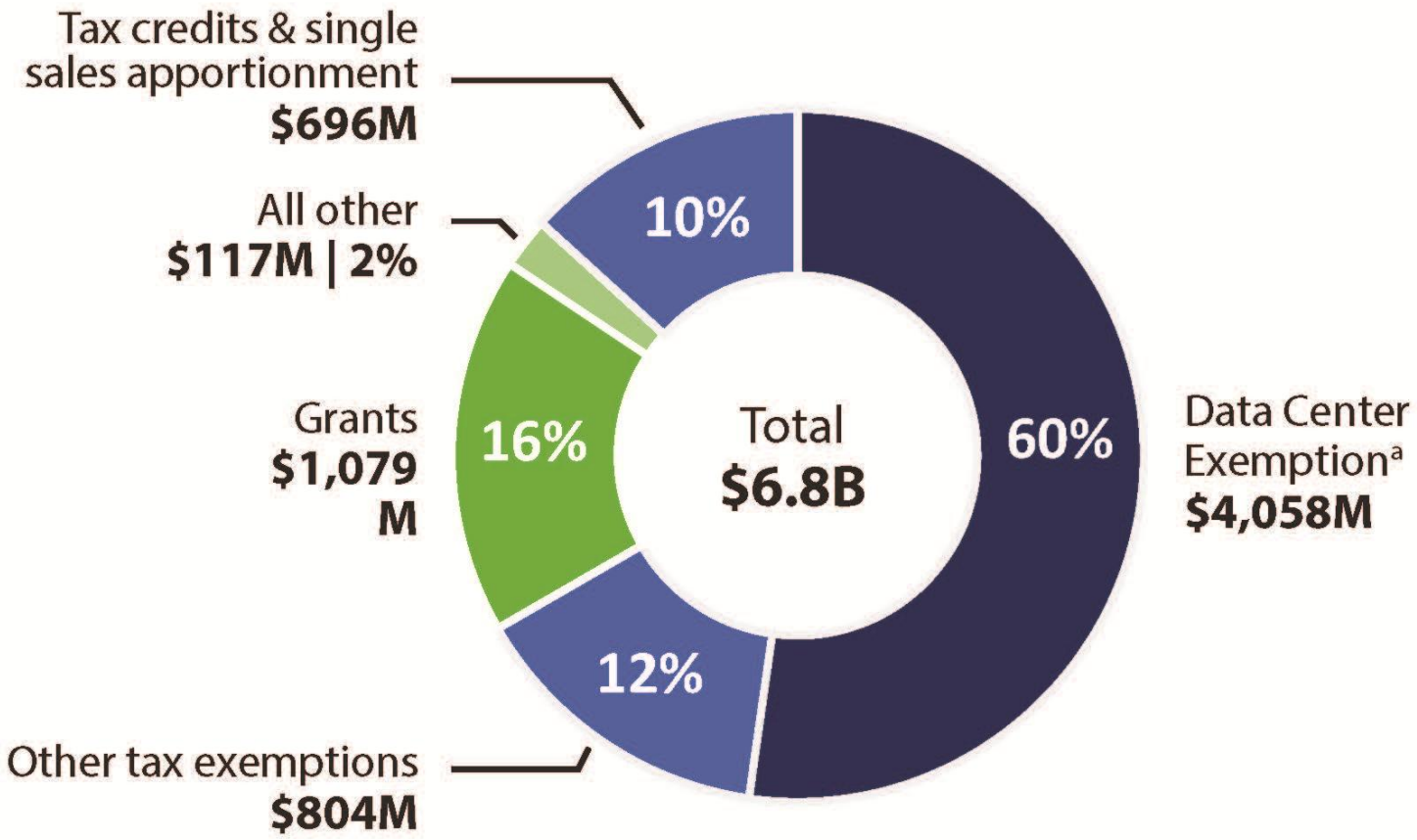
In brief

Virginia spent $6.8 billion on 99 economic development incentives from FY16 to FY25, most of which was for tax incentives.

Better estimates of data center exemption spending and data center growth resulted in dramatic increases in incentive spending estimates beginning in FY21.

While most spending was for tax incentives, grants have a higher economic benefit per $1 million spent.

Virginia spent $6.8 billion on economic development incentives (FY16–FY25)



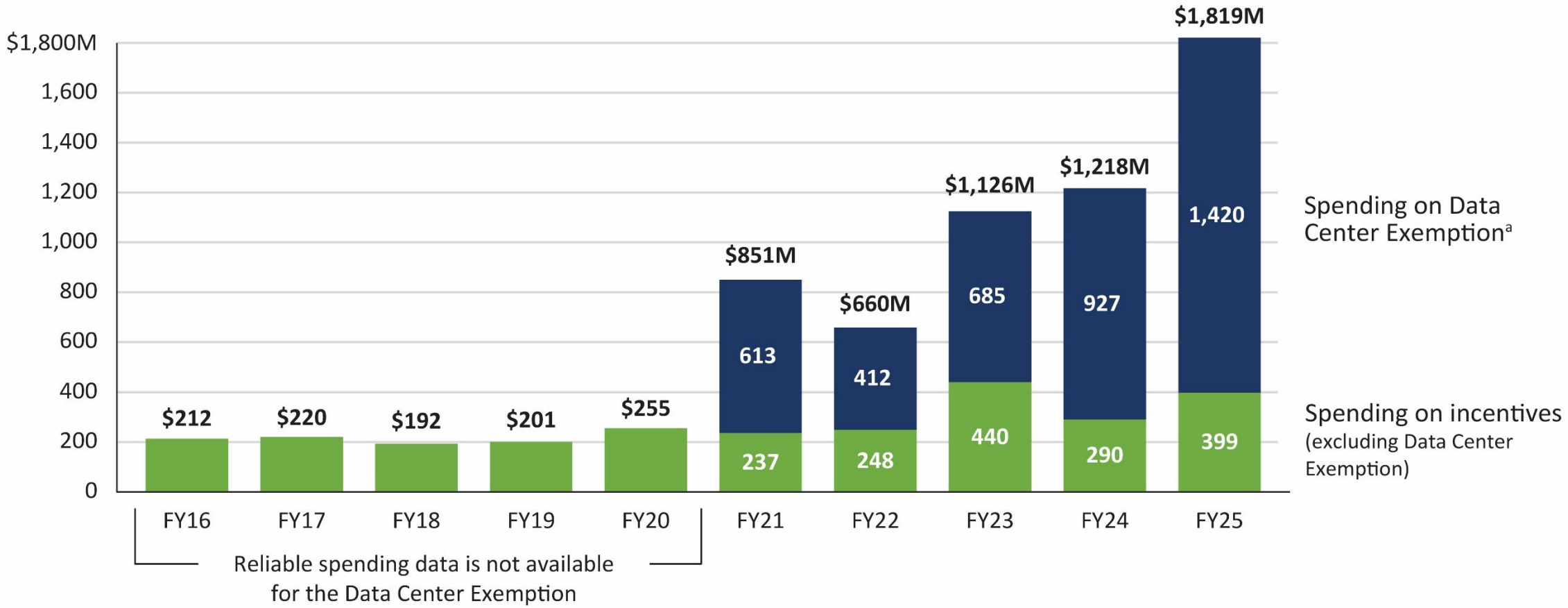
Adjusted for canceled projects, recaptures, and award reductions. [a] FY21–FY25.

Ten incentives account for 81% of spending on incentives (FY16–FY25)

Incentive		Spending	% of spending
Data center exemption *(FY21–FY25)*		$4,058M	60%
Manufacturers' Single Sales Factor Apportionment		254	4
Virginia Business Ready Sites Program		223	3
Railroad Common Carriers Exemption		174	3
Commonwealth's Development Opportunity Fund		172	3
Airline Common Carriers Exemption		168	2
Coalfield Employment Enhancement Tax Credit		116	2
Real Property Investment Grant (Enterprise Zone)		111	2
Major Research and Development Tax Credit		107	2
Certain Printed Materials for Out-of-State Distribution Exemption		96	1
	Subtotal	**$5,479M**	**81%**
	All others	$1,275M	19%
	TOTAL	**$6,754M**	**100%**

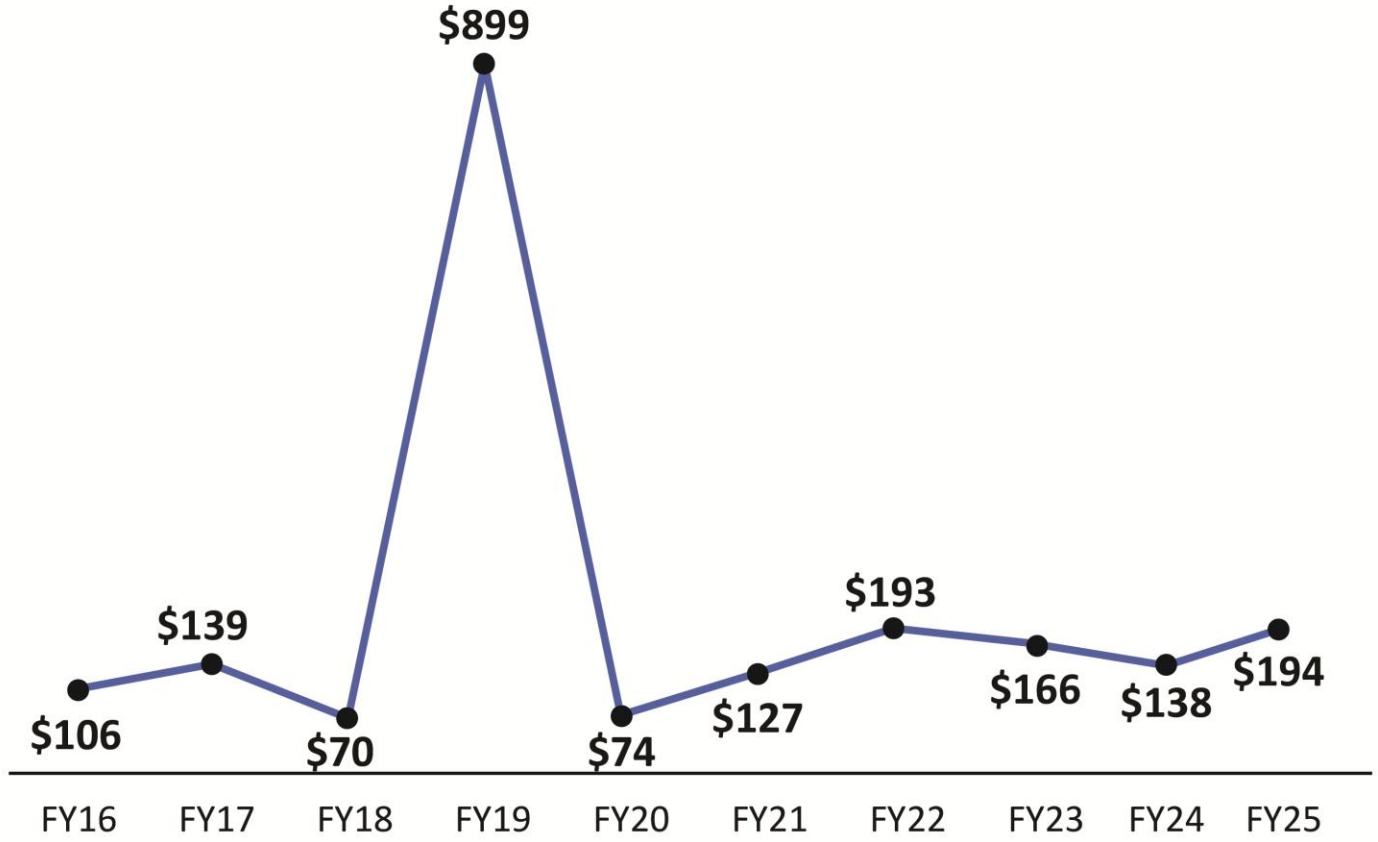
Adjusted for canceled projects, recaptures, and award reductions. Exempted amounts are estimates and exclude amounts exempted from the 1% local sales tax and the regional sales taxes. Amounts may not sum because of rounding.

Spending on incentives generally remained higher after FY21, even excluding the data center exemption



Adjusted for canceled projects, recaptures, and award reductions. Numbers may not sum because of rounding. [a] Data center exemption amount was not reliable before FY21 and is not reported for prior years.

Large FY19 custom grant awards will increase future grant spending if milestones are met



Custom grants were awarded in in FY17 ($46 million), FY19 ($831 million), FY20 ($15M), FY21 ($39 million), FY22 ($97 million), and FY24 ($45 million). Most of the custom award amounts have not been paid because they are paid incrementally over time as projects meet performance milestones.

Nearly 5,000 projects were awarded $2.1 billion in grants (FY16–FY25)

Grant program	Award amount	# of awards	Annual avg. amount
Major Headquarters Workforce Grant (Amazon HQ2)*	$750M	1	n.a.
Commonwealth's Development Opportunity Fund	236	299	$24M
Virginia Business Ready Sites Program	224	67	25
Real Property Investment Grant (Enterprise Zone)	111	1,447	11
Precision Plastic Manufacturing Grant (LEGO Group)*	75	1	n.a.
Semiconductor Manufacturing Grant (Micron)*	70	1	n.a.
Tobacco Region Opportunity Fund	57	154	6
Virginia Jobs Investment Program	57	604	6
Virginia Investment Performance Grant	46	59	5
Governor's Motion Picture Opportunity Fund	51	33	5
All other grants	423	2,307	26**
TOTAL	**$2,100M**	**4,973**	**$108M****

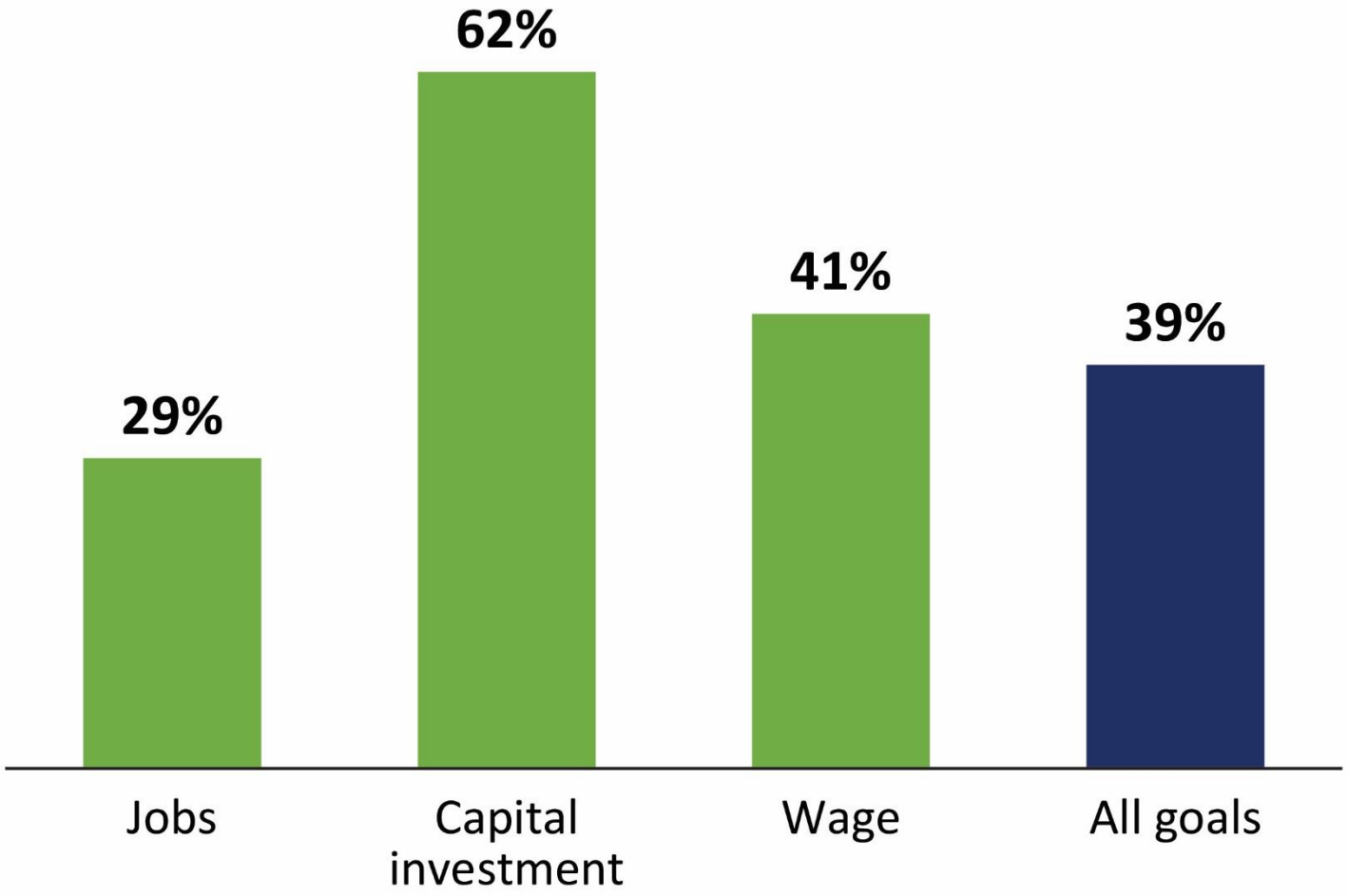
Awards not adjusted for canceled projects, recaptures, and award reductions. Numbers may not sum because of rounding. *One-time custom grant. (The Micron custom grant was canceled.) **Overall average is for non-custom grants only.

Completed grant projects created nearly 59,500 jobs and $19B in business investment (FY16–FY25)

Grant programs	Jobs created	Spending/ investment
Four largest programs (jobs created or spending/investment)		
Virginia Jobs Investment Program	31,884	$5.7B
Commonwealth's Development Opportunity Fund	16,940	6.6
Enterprise zone grants (Job Creation Grant and Real Property Investment Grant combined)	11,847	3.0
Port of Virginia Economic and Infrastructure Grant	3,228	n.a.
Total, all grant programs (unduplicated)	59,543	$19.4B

Completed projects represent $498 million in awards. Economic impact analysis assumes that majority of job creation and capital investment by incentive recipients would have occurred without incentives, as indicated by research.

Majority of completed projects met their capital investment goals but not job and wage goals (FY16–FY25)



Grants have substantially higher economic benefits than tax incentives (FY16–FY25)

	Economic benefit			Return in revenue
	Jobs per $1M spent	State GDP per $1M spent	Personal income per $1M spent	Revenue per $1 spent
Grants	131	$30M	$16M	$1.29
Data center exemption*	29	$6M	$3M	22¢
Other tax exemptions	14	$2M	$2M	11¢
Tax credits	6	$1M	$1M	4¢
Other incentives	10	$1M	$1M	5¢
All incentives	3	$7M	$4M	26¢

"Other incentives" includes loans, gap financing, manufacturers' single sales factor apportionment, and income tax subtractions. As noted in prior reports, the estimated benefits and returns in revenue for Virginia's loan programs are high because state spending for them is minimal. *FY21–FY25.

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