

State Incentive Programs

Commonwealth Opportunity Fund

The Commonwealth's Opportunity Fund (COF) (formerly the Governor's Opportunity Fund (GOF)) is designed as a "deal closing" fund to be employed at the Governor's discretion to secure a company location or expansion in Virginia. 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 the Virginia Economic Development Partnership (VEDP) and subject to the approval of the Governor.

A COF grant is awarded to the Virginia locality (county, city, town, or Industrial/Economic Development Authority) for the benefit of the company, with the expectation that the grant will result in a favorable decision for the Commonwealth. Grants are made at a locality's request for a project under the following conditions:

- Minimum project capital investment, job creation and wage requirements
- The locality participates with a matching dollar-for-dollar (cash or in-kind) financial commitment
- A performance agreement is executed between the locality and the company outlining promised job creation, capital investment, and wages

Public announcement of the project is coordinated by the VEDP and the Governor's Office. 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 publicly or privately owned buildings; or training.

Once a company decides on one potential Virginia location, the locality works with the 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.

For more information contact the Virginia Economic Development Partnership at (804) 545-5600 or visit www.yesvirginia.org

Virginia Investment Partnership Grant Fund

The Virginia Investment Partnership (VIP) Grant is a discretionary performance incentive designed to encourage continued capital investment by Virginia companies, resulting in added capacity, modernization, increased productivity, or the creation, development and utilization of advanced technology. The program is targeted at companies that have operated in Virginia for at least five years and a Virginia manufacturer, or research and development service supporting manufacturing, which makes a capitalized investment of at least \$25 million while at least maintaining stable employment levels.

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 return on investment analysis and recommendation, and is subject to the approval of the Governor. The program, administered by the Virginia Economic Development Partnership, is a competitive grant fund and is performance based. Additional conditions for eligibility may apply.

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Virginia Jobs Investment Program (VJIP)

The Virginia Jobs Investment Program is a program that offers customized recruiting and training assistance to companies that are creating new jobs or experiencing technological change. The program is designed to reduce the human resource development cost of new and expanding companies. A VJIP staff member must meet with a company before its application can be processed.

Eligibility for assistance in the New Jobs and Small Business Jobs Programs is limited to projects involving for-profit companies in the following business sectors: Manufacturing Operations, Regional Distribution Centers, Regional Shared Services Centers, Corporate HQ's for Companies with Multiple Facilities (only HQ support positions will be funded), Business-to-Business Information Technology Operations, and R & D Facilities.

For more information contact the Virginia Economic Development Partnership at (804) 545-5600 or visit www.yesvirginia.org

New Jobs Program

The New Jobs Program is a vital part of the Commonwealth of Virginia's economic development efforts. The program targets expansions of existing companies or new facility locations. In order to qualify, a company must be:

- Considering another state or country for the new location or expansion.
- Creating at least 25 net new jobs within 12 months from the date of the first hire.
- Making a new capital investment of at least \$1,000,000 associated with the location or expansion.
- Paying a minimum entry-level wage rate of \$9.79 per hour.
- Only full-time jobs that qualify for benefits are eligible for funding.

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Small Business Jobs Program

The Small Business Jobs Program supports existing Virginia companies which have 250 employees or less companywide. To qualify a company must be:

- Creating at least 5 net new jobs within 12 months from the date of the first hire.
- Making a new capital investment of at least \$100,000 associated with the start up or expansion.
- Paying a minimum entry-level wage rate of \$9.79 per hour.
- Only full-time jobs that qualify for benefits are eligible for funding.

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Retraining Program

The Retraining Program provides support for Virginia companies which are upgrading the skills of their existing workforce. Participating companies must demonstrate that they are undergoing integration of new technology into their production process, a change of product line in keeping with marketplace demands, or substantial change to their service delivery process that would require assimilation of new skills and technological capabilities by their existing labor force. To be eligible for assistance under the Retraining Program, a company must be:

Retraining at least:

- 10 full-time employees for businesses with 250+ employees company-wide
- 5 full-time employees for businesses with 250 or fewer employees company-wide

Making a new capital investment associated with the retaining project, within a 12-month period, of at least:

- \$500,000 for businesses with 250+ employees company-wide
- \$50,000 for businesses with 250 or fewer employees company-wide
- Paying an entry-level wage rate of at least \$9.79 per hour.
- Only full-time jobs that qualify for benefits are eligible for funding.

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Rail Industrial Access Program

The Industrial Access Rail Program provides funds to construct railroad tracks to new or expanding industrial and commercial projects in Virginia. Funds may be used to construct, reconstruct, or improve part or all of the necessary tracks and related facilities on public or private property. Each application must be accompanied by a resolution from the local governing body requesting the allocation of the funds. Financial assistance to any one county, city or town is limited to \$450,000 in any one fiscal year. A maximum of \$100,000 of unmatched funds and an additional \$50,000 on a dollar for dollar matching basis is available per project. Funds may not be used for right-of-way acquisition or adjustment of utilities.

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Economic Development Access Road Program

The Virginia Department of Transportation (VDOT) administers a program to assist in constructing industrial access roads to provide adequate access to new and expanding manufacturing or processing companies. The program may be used to:

- Improve existing roads to handle additional traffic generated by either an industrial expansion or a new plant location
- Construct a new road from a publicly maintained road to the property line of the new industry when no road exists
- The amount of the award is based on the eligible capital investment of the company.
- A resolution from the local governing body requesting the allocation of access road funds must be submitted to VDOT. This resolution must address the commitment of right-of-way and any adjustments to utilities (at no cost to the program). It also must describe the extent of private investment made by the industry.
- The maximum award for an industrial access road is \$300,000. However, the state will fund an additional \$150,000 if the amount is matched on a dollar-to-dollar basis from public and private sources other than VDOT.

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Foreign Trade Zone

The Foreign Trade Zone (FTZ) is a federal designation that allows businesses located within the zone to defer, reduce or eliminate payment of U.S. customs duties on imported goods held in the zone. Foreign-trade zones are secure areas under supervision of U.S. Customs and Border Protection (CBP) that are considered outside the customs territory of the U.S. for the purposes of duty payment.

The Virginia Trade Port operates under Alternative Site Framework. This framework allows for simplified minor boundary modifications creating an opportunity for virtually any site in the City of Radford to be added to the zone and offering nearly every company the opportunity to consider obtaining FTZ status. Operating as an international airport in Dublin Virginia, The Virginia Trade Port #1412 handles freight and customs clearances with efficiency and speed. A major business advantage sponsored by the airport is Foreign Trade Zone (FTZ) #238.

The benefits of a company obtaining FTZ status include:

- **Duty Deferral:** Users can avoid paying duties on imported merchandise until the goods are removed from the FTZ and enter in the U.S. commerce. Duty on machinery is deferred until it is put into production; there is no duty paid on re-exports or scrap.
- **Inverted Tariffs/Duty Reduction:** FTZ users can pay lower duty rates on goods produced in the zone when the finished product has a lower duty rate than the imported components and parts.
- If foreign merchandise is manufactured into a product with a lower duty rate, the lower duty rate applies on the foreign content when duty is paid.

- Weekly Entries: Zone users will benefit if they file multiple Customs and Border Protection entries each week. FTZs allow the user to file this paper work once a week at a rate no higher than \$485.
- No Time Constraints: Merchandise may remain in the zone indefinitely, whether or not it is subject to duty.
- Customs Compliance: CBP requirements and federal criminal sanctions are deterrents against theft. Cargo that is imported into FTZs have fewer incidents of loss and may result in lower insurance costs.
- If foreign merchandise is sold domestically, no duty is paid until it leaves the zone or zones.
- Merchandise in a zone may be stored, repackaged, manufactured, manipulated, destroyed, altered or changed.
- No duty is charged on most waste and scrap from production in an FTZ.

For more information, contact the Virginia Trade Port at (800) 678-17342135 or visit www.customs.gov

Enterprise Zone Program

The Enterprise Zone Program is a state and local partnership and one of the most effective methods of using incentives to stimulate economic development. Radford boasts three of these highly competitive zones.

Real Property Investment Grant

- Cash grants equal up to 20% of the amount of qualified investment in excess of the threshold
- The qualifying investment threshold for new construction equals \$500,000; the rehabilitation or expansion threshold is \$100,000
- The maximum benefit per building or facility within any five-year period is \$100,000 for projects less than \$5 million and \$200,000 for projects of \$5 million or more
- Mixed-use projects must have at least 30% of floor area in commercial, industrial or office use in order to qualify
- Grants are payable to the owner and/or tenant incurring costs
- The application deadline is April 1 of the year following completion of the work

Job Creation Grant

Cash grants equal to \$800 per year for five years for new positions earning 200% of the federal minimum wage and offering health benefits; \$500 for those earning 175-199% of the federal minimum wage and offering health benefits*

- The first four positions created are not eligible for grants.
- Grants are paid on a maximum of 350 positions per year.
- Retail, food and beverage, personal service firms, and non-profits are not eligible
- Firms may qualify for additional five-year periods with further job creation
- The application deadline is April 1

* The Federal minimum wage is \$7.25/hour. To be eligible net new positions must be paid \$14.50/hour for the \$800 grant and \$12.69/hour for the \$500 grant.

For more information, contact the Virginia Department of Housing and Community Development at (804) 371-7121 or visit www.dhcd.virginia.gov

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, 68,000 CRCs have been issued in Virginia.

For more information contact the Virginia Community College System at (804) 819-4985 or visit www.vccs.edu