

ARGENTIA

Guide to Incentives





The Commonwealth’s advantageous business climate—combined with assets such as a highly productive workforce, a strategic location, and an excellent quality of life—makes Virginia the best place to do business.

Front cover (top left, to bottom):
Volkswagen Group of America, Fairfax County; Micron, Manassas; Virginia International Gateway, Portsmouth; GEICO, Stafford County

Table of Contents

Introduction	3	Tax Incentives	22
Discretionary Incentives	6	Corporate Income Tax Credits	22
Commonwealth’s Development Opportunity Fund	6	Property Tax Incentives	26
Virginia Investment Partnership Grant	7	Sales and Use Tax Exemptions	27
Major Eligible Employer Grant	8	Data Center Retail Sales & Use Tax Exemption	27
Virginia Economic Development Incentive Grant	8	Recruitment and Training Incentives	31
Governor’s Agriculture and Forestry Industries Development Fund	10	Virginia Talent Accelerator Program	31
Port of Virginia Economic and Infrastructure Development Grant	11	Virginia Jobs Investment Program	31
Regional and Local Assistance	14	Virginia Registered Apprenticeship Program	34
Tobacco Region Opportunity Fund	14	New Economy Workforce Credential Grant Program (FastForward)	34
Virginia Enterprise Zone Program	18	The Workforce Innovation and Opportunity Act	34
Foreign Trade Zones	19	Telework Incentives	34
Technology Zones	19	Management and Technical Support	35
Defense Production Zones	19	Center for Innovative Technology	35
Virginia Collaborative Economic Development Performance Grant	19	International Trade	36
Infrastructure Assistance	20	Financial Assistance	39
Rail Industrial Access Program	20	Virginia Small Business Financing Authority	39
Transportation Partnership Opportunity Fund	20	Community Development Block Grants	39
Economic Development Access Program	20		

In support of this pro-business environment, the Commonwealth offers a range of incentives and services to encourage business growth and reduce the costs of opening or expanding a business facility. Incentives include: discretionary cash grants, infrastructure development grants, tax credits and exemptions, customized training, technical support programs, and financing assistance. This guide focuses on state incentive programs and is meant to be a high-level overview. Local governments may offer additional business incentives to further reduce the costs of locating or expanding a business in Virginia. For full information, please visit VEDP.org/incentives.



Micron, Manassas

smartasset™ 2020
#2 Top States
for Higher
Education

Forbes 2019
#3 Best States
for Business –
Regulatory
Environment

A Stable and Competitive Partner

Virginia is consistently rated among the best states for business, and Virginia's leaders have long made policy choices that demonstrate strong bipartisan support for business.

- Virginia's mature, diversified economy means that it is not as subject to economic or financial volatility as many other states
- Virginia is widely recognized for its conservative fiscal management, with a AAA bond rating since 1938, longer than any other state

Nestlé USA Selects Virginia for New U.S. Headquarters

Virginia's Accessibility to both the United States and the World

When Nestlé USA, a subsidiary of Nestlé S.A., began searching for the site of its new U.S. corporate headquarters, the world's leading nutrition, health, and wellness company's decision was ultimately driven by location. After an arduous selection process that spanned 20 cities, in February 2017, Nestlé USA announced it would invest \$39.8 million to establish its U.S. headquarters in Arlington County, Virginia, creating 748 new jobs.

A move from its Glendale, Calif., office to the Eastern Seaboard would bring the household brand closer to its world headquarters in Vevey, Switzerland, and to its consumer base – 80% of the company's products are sold east of the Mississippi River. As a company dedicated to building a healthier future for consumers, Nestlé USA's strategic headquarters location will facilitate important conversations about using the best ingredients for U.S. food and beverage products.

Virginia's Quality of Life Attracts and Retains World-Class Talent

Northern Virginia's robust and diverse workforce was also a critical factor in the company's decision. Arlington County is consistently recognized as one of the most educated areas in the nation, with over 70% of its residents equipped with a bachelor's degree. Arlington's millennial population is also one of the country's fastest-growing, and new graduates from the Commonwealth's acclaimed colleges and universities flock to the Northern Virginia region annually, ensuring a sustainable pipeline of talent. Arlington also offers a quality of life and assets strong enough to attract team members from California.

Virginia's Competitive Business Climate

In addition to providing the right setting for Nestlé USA to thrive, the Commonwealth delivers sustainable, best-in-class cost affordability, with stable operating costs, and a 6% corporate income tax – one of the lowest in the nation – which hasn't increased since 1972.

Nestlé USA's decision to locate its U.S. corporate headquarters in the Commonwealth is the strongest testament to Virginia's competitiveness in the global arena. As we work to diversify our economy and reduce our reliance on federal dollars, Nestlé USA represents the forward momentum of Virginia's economy. ✓

Nestlé USA was awarded a grant from the Commonwealth Opportunity Fund (COF), as well as a Virginia Economic Development Incentive Grant. Arlington County offered performance grants and infrastructure updates, as well as relocation assistance for Nestlé USA employees from California.

“

When we thought about relocating our headquarters, it was really about finding the right location that gave us access to the right talent and the right kind of infrastructure we needed to succeed for the next 100 years and that turned out to be Virginia. What we found in Northern Virginia is the talent we need to win, and it's exceeded our expectations.

—
STEVE PRESLEY
Chairman and CEO, Nestlé USA



Discretionary Incentives

Commonwealth’s Development Opportunity Fund

The Commonwealth’s Development Opportunity Fund (COF), is designed as a “deal closing” fund used 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 in the face of serious competition from other states or countries. The COF 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 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.

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.

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



Kingspan Insulation, Frederick County



Appian, Fairfax County

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 minimum capital investment of \$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.

(Left) Appian, headquartered in Fairfax County and a recipient of the Commonwealth Development Opportunity Fund (COF), provides a low-code automation platform for some of the world’s largest organizations.

(Above) A leading manufacturer in energy efficiency and moisture management products, Kingspan received support from the Virginia Investment Partnership Grant (VIP).



Booz Allen Hamilton, Fairfax County

(Above) Booz Allen Hamilton employs thousands of Virginians and received the Major Eligible Employer Grant among other incentives.

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).

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 (MSA) 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



Recipients of the Commonwealth's Development Opportunity Fund (COF) and Virginia Economic Development Incentives Grant Program (VEDIG), Lidl U.S. has created 725 jobs for Virginia residents. The Company received additional funding and services to support employee training activities through the Virginia Jobs Investment Program (VJIP).

Lidl Headquarters, Arlington County



Red Sun Farms, Pulaski County

(Above) Red Sun Farms received support from the Governor's Agricultural and Forestry Industries Development Fund to establish its first U.S. high-technology greenhouse production operation in Pulaski County.

Governor's Agricultural and Forestry Industries Development Fund

The Governor's Agriculture and Forestry Industries Development Fund (AFID) is a discretionary incentive designed to grow Virginia's agriculture and forestry industries through strategic grants made to businesses that add value to Virginia-grown agriculture and forestry products. AFID grants are awarded to localities at the discretion of the Governor with the expectation that the grant will be critical to the success of a project and will result in the creation of new jobs and investment.

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

- The business beneficiary is creating new capital investment and jobs in Virginia
- The business beneficiary is a facility that produces "value-added agricultural or forestry products"
- At least 30% of the agriculture or forestry products to which the facility is adding value are grown in Virginia
- 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 matching financial commitment
- 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 agriculture or forestry product
- 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.

Port of Virginia Economic and 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 Grant:

- Locates or expands a facility within the Commonwealth
- 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
- Is involved in maritime commerce, or exports or imports manufactured goods through The Port of Virginia
- 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 Port of Virginia

ELDOR Corporation Fuels Virginia's Automotive Sector

Virginia is home to all facets of the automotive industry, from the largest Volvo truck assembly plant in the world and several Tier 1 manufacturing operations, to the headquarters of Volkswagen of America and the second-largest university-level transportation institution in the U.S., the Virginia Tech Transportation Institute. Botetourt County, in particular, is a hub for transportation-related manufacturing, with companies such as Dynax America, Altec Industries, and Metalsa. Adding ELDOR to the corporate roster further solidifies Virginia and the Roanoke region as a prime location for the booming automotive and transportation industry.

Virginia Offers Connectivity and Infrastructure

International companies are often drawn to Virginia because the Commonwealth is connected to domestic and global markets in a way that many other U.S. states are not. Virginia's strategic central location on the Mid-Atlantic Coast provides interstate and rail access to the Northeast, Southeast, and Midwest and is within a one-day drive of 47% of the U.S. population – ideal factors for a global manufacturer like ELDOR. In addition, 16 commercial airports serve Virginia, including Washington Dulles International Airport, which provides nonstop flights to every continent in the world except Antarctica and Australia, a critical factor for a company with clients and facility operations around the globe.

The Commonwealth also stood out to ELDOR because of its world-class port facility, The Port of Virginia, which is served by every major shipping line and represents the U.S. East Coast's best-positioned first and last call port for post-Panamax ships. As the only East Coast port with authorization for 55-foot channels, The Port boasts deep shipping channels, no height restrictions, and double-stack rail service with two Class 1 railroads. Finding a location with close proximity to a port was a critical factor in Eldor's search for a U.S. site, as the global manufacturer requires strategic access to the worldwide marketplace.

ELDOR Finds Talent and Partnership in the Roanoke Region

Another important component of Eldor's search was a sustainable talent pool that could supply hundreds of skilled employees. With multiple automotive and manufacturing companies already clustered in the region, Virginia Western Community College (VWCC)

had a training curriculum in place that could serve Eldor's current and future workforce needs. VWCC's mechatronics program gives hands-on instruction in mechanical, electrical, and computer systems to create Siemens-certified engineers who can master complex automation systems. This training starts in local high schools with a mechatronics program offered at Botetourt County public schools.

At the local level, Botetourt County and the Roanoke Regional Partnership connected ELDOR to staffing agencies, workforce development providers, building contractors, and others to assist company officials with navigating the process of opening its first manufacturing facility in the United States. Relationships and strong partnerships played a vital role in the site selection process.

In March 2016, ELDOR announced plans to establish its first U.S. manufacturing operation in Botetourt County. The company planned to invest \$75 million and create 350 new jobs. ELDOR officially opened the doors of its new plant in the fall of 2018. ✓

Virginia awarded ELDOR a grant from the Commonwealth Opportunity Fund (COF), funds from the Port of Virginia Economic and Infrastructure Development Grant Program, as well as funding and services to support employee training activities through the Virginia Jobs Investment Program (VJIP).

“

Virginia is particularly business-oriented, with its pro-business laws, Port of Virginia access, logistics, and infrastructure. We found top-class universities and a great community college, with programs dedicated to the mechatronics sector that will grow excellent young engineers with the skills necessary to run Eldor's advanced automated lines.

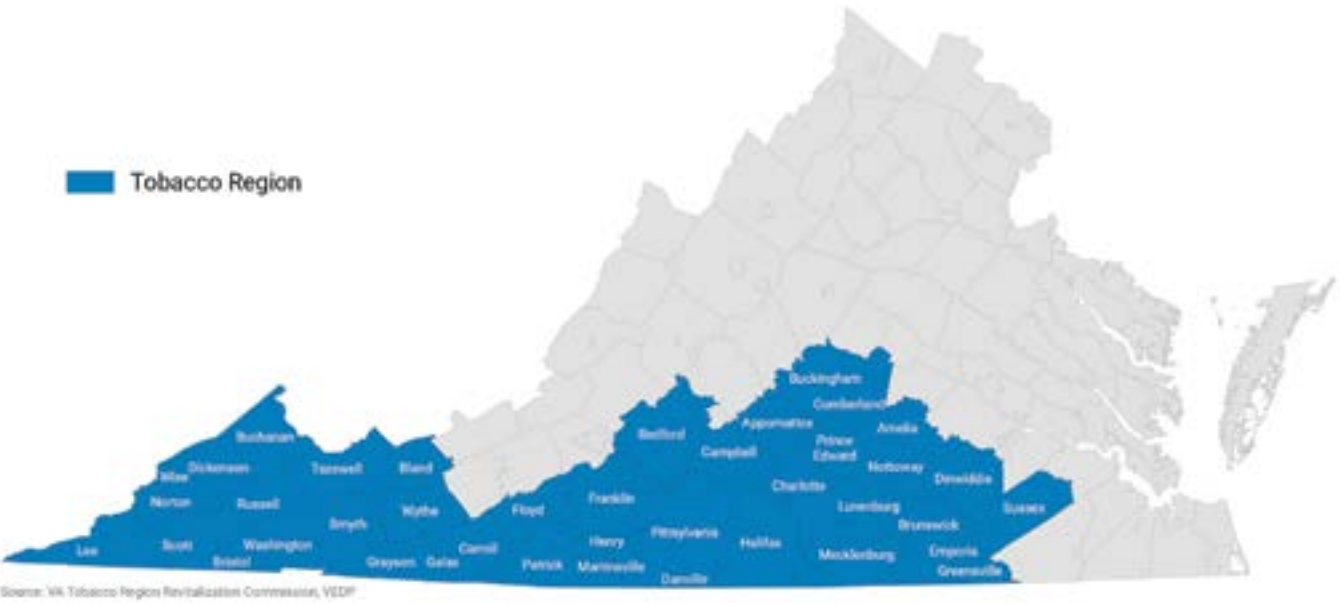
PASQUALE FORTE
President and CEO, ELDOR Corporation



Regional and Local Assistance

Tobacco Region Opportunity Fund

The Tobacco Region Opportunity Fund (TROF) provides performance-based monetary loans to localities in Virginia's tobacco-producing regions (34 counties and six cities in Southern and Southwest Virginia as defined by the Virginia Tobacco Region Revitalization Commission). These loans assist in the creation of new jobs and investments, whether through new business attraction or existing business expansion and are awarded at the Commission's discretion.



Tobacco Region

Amelia	Danville	Lunenburg	Tazewell
Appomattox	Dickenson	Martinsville	Washington
Bedford	Dinwiddie	Mecklenburg	Wise
Bland	Emporia	Norton	Wythe
Bristol	Floyd	Nottoway	
Brunswick	Franklin	Patrick	
Buchanan	Galax	Pittsylvania	
Buckingham	Grayson	Prince Edward	
Campbell	Greensville	Russell	
Carroll	Halifax	Scott	
Charlotte	Henry	Smyth	
Cumberland	Lee	Sussex	



Goodyear Tire & Rubber Company, the world's largest aircraft tire and medium radial truck tire manufacturing plant, received support from the Tobacco Region Opportunity Fund (TROF) when expanding in Southern Virginia's City of Danville.



“

We love the Martinsville workforce, as they are hard workers who are committed to producing high quality products while emphasizing people safety and excellent customer service. This will be our fourth expansion at the Martinsville facility, and we are excited to continue creating quality jobs in the state of Virginia.

KARL SCHLEDWITZ
Chairman and CEO, Monogram Foods Solutions

Monogram Foods Gets Results in Virginia

Monogram Grows Exponentially

Memphis-based Monogram Foods Solutions purchased a plant in Henry County for its food processing operation in 2009, just five years after the company was founded. After ramping up quickly, the company announced an expansion just a year later. Upon landing additional customer business in 2014, Monogram needed to select one of its existing facilities to add capacity rapidly. The Henry County operation offered a proven track record of success and a workforce committed to Monogram Foods Solutions.

Virginia Meets Aggressive Timeline

Working within the constraints of a tight turnaround, Monogram aimed to expand at one of its existing facilities. The food processor had been pleased with the growth opportunities and quality of the workforce and training programs in Henry County, and thus considered the Commonwealth to be a strong contender for the competitive project. Virginia worked with the Martinsville-Henry County Economic Development Corporation to craft a robust proposal for the company's review and offered solutions in the permitting process to keep the project on target and on schedule.

A Virginia Success Story

In December 2014, less than two months after receiving the proposal, Monogram Food Solutions announced it would invest \$36 million to expand its Henry County operation in the Patriot Centre Industrial Park, creating 200 new jobs.

Given its successful partnership with the Commonwealth and Henry County on earlier expansions, Monogram again chose to grow the operation in 2015 with a \$7.2 million investment to purchase and upfit a neighboring building in the industrial park to be used as a distribution warehouse. The project created 101 new jobs.

In 2018, Monogram Food Solutions issued yet another vote of confidence in the Commonwealth. The company committed to investing an additional \$30 million in the Henry County facility to accommodate new and expanding contracts, thereby creating 300 new jobs. This was Monogram's fifth expansion in less than a decade, bringing total job creation to over 870 and total capital investment to more than \$80 million since 2009. ✓

Monogram Foods Solutions was awarded a grant from the Commonwealth's Opportunity Fund (COF), a performance-based grant from the Virginia Investment Partnership program, several grants from the Tobacco Region Opportunity Fund, as well as a direct loan from the Virginia Small Business Financing Authority. The company was eligible for the Enterprise Zone Program, the Major Business Facility Job Tax Credit, sales and use tax exemptions on manufacturing equipment, and funding and services to support employee training activities through the Virginia Jobs Investment Program (VJIP).

Regional and 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 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.

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% 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% 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.

Foreign Trade Zones

Foreign trade zones (FTZ) 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 FTZ, designated by the U.S. Department of Commerce. Each of Virginia’s six FTZ are designated under the Alternative Site Framework (ASF) option, 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.

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.

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

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.

Virginia Collaborative Economic Development Performance Grant

The Virginia Collaborative Economic Development Performance Grant program is designed to encourage regional collaborative economic development initiatives. Participating localities may enter into a CED plan identifying the commitments of the participating localities to implement a collaborative approach to economic development. A CED Grant is available to participating localities that can demonstrate that such an initiative led to a company’s location or expansion in the participating localities and the company’s creation of at least 200 new jobs and capital investment of at least \$25 million in the participating localities.

The CED Grant must be used for economic development activities aligned with the CED Plan.

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. 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 right-of-way acquisition or adjustment of utilities.

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.

Economic Development Access Program

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% 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/or 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

(Right) An associate receives items into a sortable tote at the Amazon Fulfillment Center in Chesterfield, which received support from the Economic Development Access Program, as well as various Virginia incentives.



Tax Incentives

Corporate Income Tax

Virginia's corporate income tax is 6% and no unitary tax is levied on Virginia companies' worldwide profits. Corporations generally apportion their multistate income by using a three-factor 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 is optional. Manufacturing companies may elect to use single sales factor apportionment 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 may be claimed 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 beginning before January 1, 2022. 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

Refundable Research and Development Expenses Tax Credit

For taxable years beginning before January 1, 2025, businesses may claim a tax credit equal to 15% of the first \$300,000 (\$45,000) in qualified research and development expenses incurred during the taxable year in Virginia; or they may claim a tax credit equal to 20% of the first \$300,000 (\$60,000) in qualified research and development expenses if the qualified research was conducted in conjunction with a Virginia college or university.

Major Research and Development Expenses Tax Credit

For taxable years beginning on or after January 1, 2016, but before January 1, 2025, a taxpayer who incurs more than \$5 million of qualified research and development expenses in Virginia 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 fifty 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 5% of the qualified expenses paid or incurred during the relevant taxable year.

Worker Training Tax Credit

The Worker Training Tax Credit (W TTC) allows an employer to claim a tax credit for providing eligible training to qualified workers or for the direct costs of providing manufacturing training or instruction to middle and high school students. This credit is effective beginning taxable year 2019.

A tax credit is equal to:

- 35% of the costs of providing eligible training to qualified workers. The credit is limited to \$500 per qualified employee per year or \$1,000 if the employee is considered a non-highly compensated worker. Claim this credit against your individual income tax, fiduciary income tax, corporation income tax, bank franchise tax, and taxes imposed on insurance companies and utilities, or
- 35% of the direct costs of providing manufacturing training or instruction to middle and high school students. No one manufacturer can claim more than \$2,000 credit per year. Claim this credit against your individual or corporation income tax.

The credit cannot be greater than the tax liability. Unused credits may be carried forward for three years.

Green Job Tax Credit

For taxable years beginning before January 1, 2025, a taxpayer will be allowed a credit against the Virginia personal or corporate income tax for each new green job that pays an annual salary of at least \$50,000 that is created within the Commonwealth by the taxpayer.

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.

Port Volume 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 5% 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), one 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 base year.

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, and increases the amount of cargo transported through Virginia maritime port facilities by at least 5%. The amount of the credit is equal to \$3,500 per new qualified full-time employee that results from increased qualified trade activities by the taxpayer or 2% of the amount of capital investment made by the taxpayer to facilitate the increased eligible trade activities.

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.

New Company Incentive Program

Eligible Companies looking to establish a new presence in Virginia are offered a modified state corporate income tax and potential access to a grant or loan from the Commonwealth's Development Opportunity Fund (COF). Eligible companies in traded sector industries that have no payroll or property in Virginia prior to January 1, 2018 will pay zero percent (0%) corporate Virginia income tax on the income associated with their new Virginia presence. To be eligible the company must on or after January 1, 2018, but before January 1, 2025, either (a) spend at least \$5 million in new real property capital investment in a qualified locality and create at least 10 new jobs in a qualified locality, or (b) create at

Facebook Friends the Commonwealth of Virginia

To meet the ever-growing demands of serving substantial amounts of traffic, Facebook needed to invest in a new data center to increase capacity while also keeping its energy footprint low. After zeroing in on the East Coast, Facebook set out to find the location of its eighth U.S. data center.

The Commonwealth Checks Every Data Center Box

Home to nearly 700 data centers, Virginia boasts one of the largest data center markets in the world, thanks to the Commonwealth's access to a robust fiber and power network that matches or exceeds virtually every domestic market and most major financial centers around the globe. With approximately 70% of the world's internet traffic passing through Virginia, the Commonwealth's sophisticated IT infrastructure is second to none.

Henrico County is for Data Centers

Henrico County, located just outside of Richmond, could provide Facebook with a shovel-ready site and fast-track permitting. White Oak Technology Park, a master-planned high-tech manufacturing center conveniently located at the intersection of I-295 and I-64, is optimally designed to meet the scale and digital speed requirements for data centers. The site is served by Dominion Energy via two 230 KVA transmission lines, has significant water and sewer capacity, and offers connectivity through multiple fiber providers, with additional connections to the new transatlantic subsea cables landing on Virginia's shoreline 100 miles away.

While these were all critical elements of Facebook's search, the environmentally conscious social media company also prioritized being able to source clean and renewable energy and found a strategic partner in Virginia. Dominion Energy Virginia and Facebook worked together to create a new, renewable energy tariff called Schedule RF. The tariff will allow Facebook and other large energy users to meet their needs through the addition of renewable energy sources. As a secondary economic benefit, the renewable energy projects served under this tariff must be completed

in Virginia. Multiple solar facilities will be constructed to service Facebook's Henrico Data Center with 100 percent renewable energy.

Virginia Accepts Friend Request

In October 2017, Facebook announced plans to establish a 970,000-square-foot data center in the White Oak Technology Park in Henrico County. The company committed to investing \$750 million in the project, as well as hundreds of millions of additional dollars in the construction of the solar facilities to service Facebook's Henrico Data Center. The overall investment was estimated at \$1 billion and the approximate job creation at 100 new, full-time operational employees.

Site work began in February 2018, just five months after the project was announced, thanks to Henrico County's fast permitting approval program and the development-ready site at White Oak Technology Park. In September 2018, Facebook committed to an additional investment of \$750 million to construct three new 500,000-square-foot buildings, bringing the planned total square footage to over 2.4 million square feet. Construction of the data center is expected to be complete in 2019. ✓

Facebook is eligible for the data center retail sales and use tax exemption (DCRSUT Exemption) on qualifying computer equipment or enabling software purchased or leased for use in certain data centers in the Commonwealth meeting minimum investment and job creation requirements.

“

Virginia has been a home to the internet since the tech industry's earliest days. And thanks to Henrico County's robust infrastructure and attractive business climate for data center development, we could not be more thrilled to locate our next data center here. When considering new data center locations, we not only look for clean and renewable energy solutions, but great partnerships within the local community, a strong pool of local talent, excellent access to fiber, and a robust electric grid. Henrico County and the Commonwealth of Virginia has it all.

RACHEL PETERSON
Director of Data Center Strategy, Facebook



Facebook Data Center (Rendering), Henrico County

least 50 new jobs in a qualified locality. Each new job must pay at least 150% of the Virginia minimum wage. The tax benefits will be available to eligible companies for six years. Visit VEDP.org to find a list of qualified localities.

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 and fixtures; 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.



The Hershey Company, Stuarts Draft

Sales and Use Tax Exemptions

Virginia’s combined state and local sales and use tax ranges between 5.3% and 7.0% depending upon the locality. 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 in the experimental or laboratory sense
- Most film, video, and audio production-related purchases
- Machinery, tools, and equipment of a public corporation used to generate energy derived from sunlight or wind
- Charges for internet access and sales of software via the internet manufacturing, or testing a semiconductor product
- 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
- 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

Data Center Retail Sales & Use Tax Exemption

Virginia offers a data center retail sales and use tax exemption (DCRSUT Exemption) on qualifying computer equipment or enabling software purchased or leased for use in certain data centers in the Commonwealth meeting minimum investment and job creation requirements as outlined on VEDP.org.

(Left) The Hershey Company’s expansion in Augusta County qualified the leading North American chocolate producer and global snacks company to receive Sales and Use tax exemptions on manufacturing equipment, as well as a Major Business Facilities job tax credit for new, full-time jobs created.

Morgan Olson, LLC Steps into Southern Virginia

A Transformational Investment

In October 2019, Virginia's Governor announced that North America's leading manufacturer of all-aluminum walk-in step vans would invest \$57.8 million to establish an assembly operation in the former IKEA plant in Danville-Pittsylvania County.

Headquartered in Sturgis, Michigan, Morgan Olson's legacy of building iconic step vans began in 1946 with the production of the first "all-aluminum" step van. Today, Morgan Olson's products are used to deliver online purchases to homes and businesses throughout North America.

The 703 new jobs created through Morgan Olson's investment will also diversify employment opportunities available to the citizens of Danville-Pittsylvania County. The project is expected to have an additional indirect employment impact of 311 jobs, and will include the development of fabrication supply chain suppliers and infrastructure support, maintenance and repair support, and subcontractors to modify, build, and install equipment needed to convert the plant from furniture manufacturing to heavy-duty truck manufacturing.

With this major project, Morgan Olson ensured the soon-to-be vacant IKEA plant would remain in productive use while substantially increasing the number of employees at the operation, becoming the largest private employer in Pittsylvania County. Icing on the cake: former IKEA employees would receive priority consideration as part of the company's hiring process.

The company began interviewing former IKEA employees for professional staff positions in November 2019. Around the same time, a team of expert instructional designers from the Virginia Talent Accelerator Program and Danville Community College traveled to Morgan Olson's plant in Loudon, Tennessee, to gain an understanding of the processes, best practices, and training needs for the new Virginia operation.

The team returned in early 2020 to gather more detailed information and capture video footage of workers performing assembly tasks.

This video is being utilized in process training classes that provide new hires with a clear understanding of the sequence, purpose, tools, materials, components, hazards, and quality considerations in each step of the company's manufacturing process. Trainees also learn Morgan Olson's unique process terminology.

Following a job fair for former IKEA employees and a second job fair that was open to the public, the Virginia Talent Accelerator Program team conducted two weeks of pre-hire training, introducing job candidates to riveting, measuring, and assembly procedures. This training provided applicants with a preview of their future work while enabling Morgan Olson to survey each candidate's performance — a unique opportunity to gauge job fit before employment commitments are made.

Post-hire training classes began in mid-March as part of a comprehensive program in safety, quality, communication skills, and Lean production, along with extensive hands-on instruction in riveting and assembly. To lay the foundation for its collaborative culture, Morgan Olson executives requested extensive leadership training. In response, the Virginia Talent Accelerator Program team developed an immersive four-week program tackling topics such as emotional intelligence, A3 thinking, conflict resolution, and managing across generations. To date, the program has been delivered to three classes of team leads and supervisors, with training for the management team beginning in July 2020. The company is so proud of it, they have dubbed it, The Morgan Olson Leadership Academy. Production at the Danville-Pittsylvania County plant began in early June, with plans to be at full production by July 2022.



“

One of the most attractive aspects of locating in Danville-Pittsylvania County is that we will be able to take advantage of the new Virginia Talent Accelerator Program, which will help us quickly attract and train the high-quality workforce we need to deliver for our customers.

MIKE OWNBEY
President and CEO, Morgan Olson

Morgan Olson, Danville-Pittsylvania County

A New Legacy

Securing a project of this magnitude brings far-reaching benefits. Morgan Olson has demonstrated a commitment to longevity in Virginia — in addition to the 925,000-square-foot plant, the company also purchased more than 100 acres of surrounding property for future growth and development.

Southern Virginia boasts a rich legacy of manufacturing and offers world-class training institutions that are partnering with the company to create specific programs to prepare its new workforce. Morgan Olson's investment will further bolster this 21st-century industry sector in the region and the Commonwealth for many years to come. ✓

Morgan Olson, the leading producer of aluminum walk-in vans, receives support from the Virginia Talent Accelerator Program to help expedite recruiting and shorten the new-hire learning curve. Program benefits are delivered as customized services provided at no charge to eligible companies as an incentive for job creation.

The company is also eligible to receive an MEI custom performance grant, a grant from the Tobacco Region Opportunity Fund, state benefits from the Virginia Enterprise Zone Program, Sales and Use tax exemptions on manufacturing equipment, and a Major Business Facility Job Tax Credit for new, full-time jobs created.



“

Since SMA established a presence in Augusta County back in 2013, we have found a hard-working and dedicated workforce. The quality of life available in the Verona area allowed for the smooth transfer of several employees from our Chesapeake headquarters, and has helped to attract a number of additional skilled employees, resulting in a 35% increase in total staff to date.

JIM SOLOMON
CEO, Sumitomo Machinery Corporation of America

Sumitomo Machinery Corporation of America
(SMA), Augusta County

Recruitment and Training Incentives

Virginia Talent Accelerator Program

The Virginia Talent Accelerator Program accelerates facility start-ups and expansions by expediting recruiting and shortening the new-hire learning curve. Program benefits are delivered as customized services provided at no charge to eligible companies as an incentive for job creation.

Recruitment services include producing broadcast-quality video and digital recruiting ads; buying ads on internet job boards, billboards and social media; coordination of job fairs; and facilitating pre-hire training to help employers and potential employees assess their fit with the new jobs.

The heart of the service is training that is fully customized to a company's unique operations, equipment, standards, and culture. This training is delivered using the methodologies and media determined to be most effective for accelerating learning in each topic. It can include:

- Hands-on training
- Broadcast-quality videos
- 3D Illustrations and Animations
- Simulations
- Instructor-led classroom sessions
- E-learning modules

Virginia Jobs Investment Program

The Virginia Jobs Investment Program (VJIP) is a discretionary program that provides funding to companies creating new jobs or experiencing technological change to reduce the human resource development costs for new companies, expanding companies, and companies retraining their employees. Funding for each net new full-time job created or full-time employee retrained is based on a customized budget determined by an assessment of the company's recruiting and training activities, as well as the project's expected benefit to the Commonwealth, and is subject to approval by the Secretary of Commerce and Trade. Funding is reimbursable 90 days after the trainee is hired. In addition to direct funding to offset a company's recruitment and training costs, Regional Talent Solutions Business Managers offer human resource consultative support at no charge.

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 that 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.

(Left) Sumitomo Machinery Corporation of America received funding from the Virginia Jobs Investment Program (VJIP) to support the retraining of existing employees on new equipment, processes, and certifications.

ADP's Decision to Open an Office in Virginia

With a number of business units operating throughout the Northeast, ADP saw the opportunity to centralize certain operations in one location as a way to improve efficiency, increase cohesion, and maximize resources. The global provider of cloud-based human capital management solutions wanted an urban space that could accommodate its needs and attract a strong pipeline of talent.

Norfolk's Dynamic Downtown with Robust Talent Pool

The City of Norfolk, with its walkable downtown, public transportation offerings, affordable housing, and entertainment options, has attracted millennials in full force. Long known for being home to the world's largest naval station, Norfolk annually absorbs exiting military into its workforce, while also benefiting from the local higher education system.

In addition to boasting ADP's target workforce, Norfolk could offer a state-of-the-art office building to accommodate ADP's needs at a competitive price. Set just steps from the Harbor, the nearly 300,000-square-foot facility at 2 Commercial Place has the space and layout ADP officials envisioned for its regional customer service center. The former bank building's prestige and location in the heart of the city was the right fit.

ADP Transforms Norfolk

In March 2016, ADP announced its plans to invest \$32.25 million to establish a regional customer service center in the City of Norfolk. The company is on track to help retain and attract a strong workforce to the area. To date ADP has created 1284 jobs and overachieved on its capex by 28%. ✓

ADP was awarded a grant from the Commonwealth Opportunity Fund (COF). The company was eligible for the Major Business Facility Job Tax Credit and sales and use tax exemptions on manufacturing equipment, in addition to funding and services to support employee training activities through the Virginia Jobs Investment Program (VJIP).



Virginia Registered Apprenticeship Program

The Virginia Registered Apprenticeship Program partially reimburses eligible sponsors (employers) for certain costs of related instruction. The incentive funding is available to private industry sponsors in the specific fields of professional and business services, information technology, and cybersecurity.

New Economy Workforce Credential Grant Program (FastForward)

Established in 2016, the New Economy Workforce Credential Grant is a pay-for-performance workforce training program to support career paths to high-demand occupations that require training that leads to industry-based certifications. Institutions eligible for the program include community colleges and higher education centers in Virginia. The grants can be used for training programs that align with high-demand occupational fields as identified by the Virginia Board for Workforce Development and lead to an industry certification.

The pay-for-performance model provides funding to cover up to two-thirds of the cost of the training program. A student pays one-third of the program upon enrollment in the training program.

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.

Telework Incentives

Telework Incentives in Virginia

Many companies across the U.S. are shifting a significant portion of their workforce to permanent telework. That wave of increased telework also will affect how companies make decisions when evaluating locations for future projects. The Commonwealth of Virginia has adopted new statutory language that enables VEDP to take telework positions, held by Virginia residents, into account when offering performance-based economic development incentives for new, competitive site-selection projects.

VEDP Incentives that may apply:

- Commonwealth’s Development Opportunity Fund
- Major Eligible Employer Grant Program
- Virginia Economic Development Incentive Grants
- Virginia Investment Performance Grant
- Virginia Jobs Investment Program
- Virginia Talent Accelerator Program
- New Company Incentive Program
- Data Center Retail Sales & Use Tax Exemption

(Right) Danville’s Regional Center For Advanced Technology & Training is one of 23 institutions in the Virginia Community College System providing two-year degrees and various specialty training certifications.

Management and 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 Virginia since 1984. CIT carries out its mission through three service lines: CIT Entrepreneur, CIT R&D, and CIT Broadband. Through all these activities, CIT leverages public and private sector investments to develop Virginia’s new innovation economy that is creating 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, private sector experts, and the Investment Advisory Board, which 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

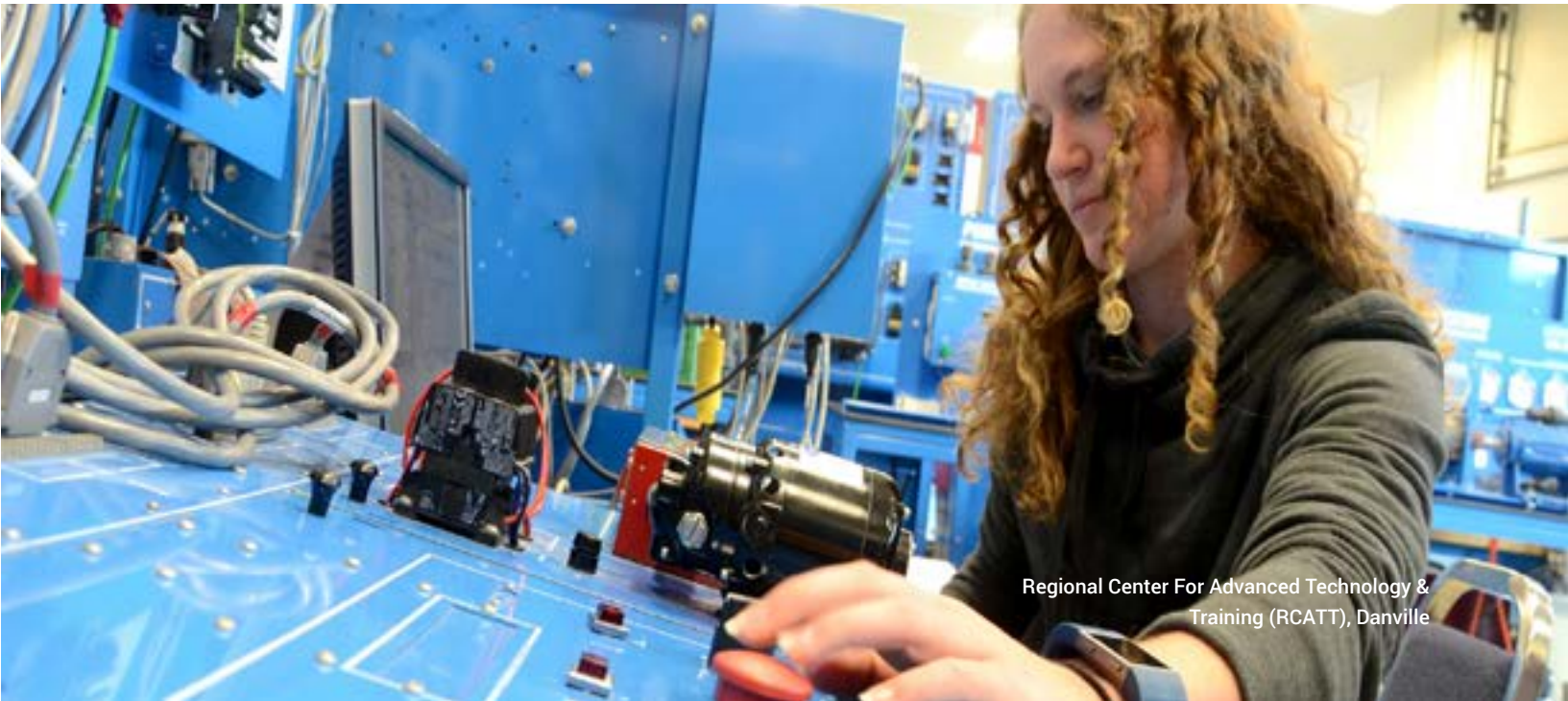
Technology Transfer (STTR) funding from 11 federal agencies. CIT hosts low-cost workshops, webinars, mentoring, expert consultant support, and small proposal development grants for Virginia-based firms and university researchers.

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.

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 socioeconomic 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.



Regional Center For Advanced Technology & Training (RCATT), Danville

International Trade

VEDP Division of International Trade

VEDP's Division of International Trade helps Virginia companies sell manufactured goods and services to markets around the world. International Trade 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, International Trade works with companies to accelerate their international sales into international markets. Since its inception, over 250 companies representing a wide cross-section of industries have been accepted into and graduated from the VALET program.

Through the Going Global Defense Program, International Trade assists Virginia's defense-related companies with entering international markets. Over 300 companies have been assisted in this program. International trade maintains a Global Network of consultants in over 75 countries who provide international market research and set up one-on-one meetings with prospective clients for Virginia exporters. International trade conducts more than 15 international trade missions and trade shows annually to introduce Virginia products and services to global markets.

VEDP's International Trade division currently provides the following programs and services:

- Global Defense Program
- International Market Research
- State Trade Expansion Program (STEP)
- Trade Missions
- Trade Show Program
- Virginia Leaders in Export Trade (VALET)



“

I can truly say that I have learned a great deal about exporting and how to overcome significant hurdles doing business overseas through our partnership with VEDP-International Trade.

MASSIMO ZANETTI BEVERAGE

VALET Program Helps Massimo Zanetti Beverage

Massimo Zanetti Beverage Explores New International Markets

Massimo Zanetti Beverage (MZB) is the largest privately held, family owned coffee company in the world. With coffee expertise that dates back to 1871, MZB provides a world-class coffee solution to all channels and segments of the industry.

In 2012, MZB reached out to a regional VEDP International Trade Manager for assistance with the customs and licensing documents needed to export its coffee products into China. VEDP-International Trade utilized its representative in China who was instrumental in helping MZB overcome cumbersome labeling and

licensing issues across the company's portfolio of brands. With VEDP's help, MZB now has 27 different products licensed for import into China.

Targeting New International Markets

After the initial assistance in China, it was determined that MZB would be a good fit for VEDP's two-year Virginia Leaders in Export Trade (VALET) program, which assists companies in the Commonwealth that are committed to international exporting as a growth strategy. The VALET program offers export planning services and assistance from a team of experienced global service providers who contribute essential expertise to assist companies in executing export plans.

MZB joined in July 2012, and preliminary research provided by the VALET team determined which target markets MZB should pursue. The results showed that coffee consumption in the Czech Republic, Poland, and South Korea was growing significantly from year to year, making these markets particularly attractive opportunities for the company. In addition, MZB's major competitors, which include Starbucks,

Dunkin' Donuts, and Maxwell House, had already or were planning to enter these markets in a big way, demonstrating that they too saw upside potential in the countries.

MZB knew that international travel was key to a successful expansion, and had the opportunity to participate in VEDP global trade missions to its target markets. According to the company, VEDP's network of in-country consultants proved to be 'invaluable in breaking down the barriers to entry, as well as skillfully putting together impactful trade missions there that have resulted in incremental sales for us.' Since participating in the VALET program, MZB has established three new international distributor partners who are actively placing orders for their products. ✓

MZB was accepted into the two-year Virginia Leaders in Export Trade (VALET) program, which assists exporters in the Commonwealth that have firmly established domestic operations and are committed to international exporting as an expansion strategy.



Amthor International received support from the Enterprise Zone Real Property Investment Grant Program, Virginia Jobs Investment Program (VJIP), and the Enterprise Zone Job Creation Grant Program. The company has generated 520 jobs for Virginians.

Financial 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; or a net worth of \$2 million or less; or fewer than 250 employees in Virginia; or qualification as a 501(c)(3) nonprofit entity.

Industrial Development Bonds (IDB)

The VSBFA issues tax-exempt and taxable bonds to provide qualifying businesses and 501(c)(3) corporations with access to long-term, fixed asset financing at favorable interest rates and terms. IDB 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.

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.).

Loan Guarantee Program

The Loan Guarantee Program (LPG) helps Virginia’s businesses obtain funds to start or expand operations in Virginia. The program reduces a bank’s commercial loan risk in order to increase the availability of commercial loans to Virginia’s businesses. The maximum guaranty is the lesser of 70% of the credit amount or \$750,000. The guaranty term cannot exceed seven years for term loans. Guaranties for lines of credit are available on an annual basis with a maximum of four subsequent renewals. 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, term loans for permanent working capital, and fixed asset purchases.

SWaM Loan Fund (SLF)

The SLF funds a maximum of \$10,000 in loans to existing Virginia small businesses.

Virginia Capital Access Program (VCAP)

The VCAP promotes business credit by mitigating risk through a form of loan portfolio insurance for participating lenders.

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.

Small Business Investment Grant Fund (SBIGF)

Virginia taxpayers that invest in Virginia businesses may qualify for cash grants of up to 10% of their investment amount

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.

901 E. Cary Street, Suite 900
Richmond, Virginia 23219
VEDP.org

t: 1.805.545.5600
f: 1.804.545.5631
e: info@vedp.org



