

The Virginia Economic Developers Association (VEDA) is the voice in Virginia for shaping economic development public policy and a primary source of strong and effective education and networking for economic development professionals.

WHY IS ECONOMIC DEVELOPMENT VITAL TO VIRGINIA'S FUTURE?

Economic development is an investment in our communities' prosperity. Economic development is about creating competitive communities across Virginia and attracting new and expanding businesses. Underlying any successful economic development program is public policy. Public policy choices made by government entities drive the business climate and attract business prospects. A pro-business climate, fostered by all levels of government, is essential to continued success in promoting economic prosperity, broadening the tax base, and enhancing the Commonwealth's economic stability and quality of life.

ECONOMIC DEVELOPMENT: CREATING JOBS AND GROWING VIRGINIA

Virginia's economy is at a crossroads. If we do not make the necessary changes to diversify our industry mix and strengthen investments in product (available sites and buildings) and other incentives, the Commonwealth's competitive edge will erode further, which will impact both our quality of life and the state's fiscal health. It is vital that the Commonwealth of Virginia increase the investment in programs that are creating jobs and fiscal returns-on-investment. In addition, funding in programs that are not serving Virginia businesses must be repurposed. To bolster Virginia's economic development competitiveness in the global marketplace, VEDA recommends the following policy and budgetary actions.



LEVERAGING VIRGINIA'S COMPETITIVE ADVANTAGE

In order for Virginia to build upon its positive business climate and attract domestic and international business expansion and relocation opportunities, sufficient funding and consistent leadership are essential.

- **Economic Development Marketing** - Even a great business climate and fully-funded incentives are of limited use if we do not have the resources or the people to tell the Virginia story. This, however, is the area where past budget cuts and/or stagnant funding have hit the hardest. Virginia must reengage business leaders globally to ensure top of mind awareness of the state as a great place to do business. VEDA supports a significant increase in the Virginia Economic Development Partnership's (VEDP) budget, while keeping our current economic development tools whole, to market Virginia and once again become the "Best State for Business."

- **Economic Development Leadership** - Relationships are vital to economic development, and maintaining those contacts over time is essential to a successful marketing program. Virginia's unique one-term gubernatorial term in the past led to a situation of frequent turnover of state economic development leadership. For this reason, VEDA supports consistent and non-politically appointed leadership at VEDP. The

result of such consistency will maintain and enhance the business community's confidence as it makes decisions about investments in Virginia. Moreover, a commitment to this consistency will give Virginia's governors an experienced resource to accomplish their economic development goals and objectives.

- **GO Virginia** - VEDA supports initiatives to encourage collaboration among Virginia's localities to support economic diversification. The GO Virginia effort will make strategic investments in regional projects to achieve that goal and should continue in a way that complements the state's broader economic framework.

INFRASTRUCTURE

In order to maintain Virginia's competitiveness, we must ensure that we have fast, reliable ways to move people, goods, energy, and information. In a global economy where businesses are making investment decisions between multiple counties, states, and countries, the quality of the infrastructure is often a deciding factor. Infrastructure investments must be made in a way that benefits Virginia's economic development strategy.

- **Transportation** - VEDA has long held that Virginia's transportation and port system is an essential component of the state's economic development success. We strongly supported the bipartisan effort in the 2013 session to increase funding for

transportation and want to ensure that not only is the package preserved but that it is allocated effectively. Virginia's transportation network is vital to supporting business growth and international trade.

- **Regulatory Process** - A balanced regulatory process is vital to Virginia's pro-business climate. VEDA supports efforts to review existing regulations to reduce unreasonable barriers to business development and growth.

- **Broadband** - Broadband access to all parts of the Commonwealth is essential to the state's competitiveness. It drives job creation, promotes innovation, and expands markets for Virginia businesses. Too many areas, both rural and urban, still lack access to this crucial resource. We urge Virginia policy makers to move forward with plans to expand deployment of broadband to all corners of Virginia in partnership with public and private providers.

- **Energy** - A reliable and cost effective energy supply is critical to the attraction of new companies and the retention of existing businesses, particularly in the energy-intensive manufacturing and Information Technology (IT) sectors. VEDA supports policies that allow for the timely development of needed energy infrastructure investments across the Commonwealth.

With the right public policy decisions, Virginia can clearly be the **"Best State for Business."**

TOOLS FOR COMPETITIVENESS



Chief among Virginia's tools to be competitive are economic development incentives. Virginia has historically taken a conservative approach to these incentives. These investments, which are performance based, have generated new revenue opportunities for the state and its localities. Virginia must strengthen and grow its economic development toolbox, including our existing incentives and our state marketing programs. These tools continue to be essential in remaining competitive regionally, nationally, and globally. It is imperative that Virginia live up to the commitments it has made in the past by fully funding existing initiatives and commitments and by increasing funding to the economic development incentives that clearly deliver success for the Commonwealth. VEDA supports transparency and accountability with regard to the use and management of incentives, but such measures should not restrict the state's ability to be responsive to the needs of business and be flexible when justified.

- **Commonwealth Opportunity Fund** - Virginia's flagship economic development incentive program remains the Commonwealth Opportunity Fund (COF) - the state's deal closing fund. Virginia has never been seen as a state that offers large incentives to attract corporate investment. Instead, Virginia's strong business climate has been our best incentive. At the same time, states with similar business climates have significantly increased their incentive offers to attract high-paying jobs and large corporate investments. While Virginia should not match these programs arbitrarily, we must remain competitive to make the short list of site selection projects. Unfortunately, the COF has been the target of budget cuts over the past several years. Funding to the program must be, at a minimum, maintained.

- **Virginia Jobs Investment Program** - As VJIP is the most frequently-

used economic development program, VEDA supports increased funding to broaden and deepen the capacity and services of the program. VJIP provides services and funding to companies creating new jobs or experiencing technological change. This helps offset recruitment and training costs, thus reducing the human resource development expenses of new and expanding companies and reinvesting these funds in the people of Virginia. VJIP plays an integral role in bringing the programs and services of other workforce partners to support economic development clients efficiently. This is key to competing effectively with other states' talent delivery systems.

- **Virginia Economic Development Incentive Grant** - VEDIG is an important tool to help the Commonwealth achieve its goal to continue to attract significant headquarters, administrative or service sector operations to Virginia and should be funded at a level that allows the state to meet current commitments as well as demand by future prospects.

- **Enterprise Zones** - This longstanding program has helped both urban and rural communities revitalize distressed areas. The grants offered through this program are modest, but recent budget cuts have limited the state's ability to fully pay the Real Property Investment Grants (RPIG). Pending reductions in the number of zones as a result of legislative changes will alleviate some of the pressure on the allocation and may reduce the proration of the RPIG. Caps on funding for the program result in prorating RPIG payouts at approximately sixty-five percent (65%) of the amount promised to companies making investments in these zones. VEDA understands that there is a pending study of the Virginia Enterprise Zone program that documents the benefits of the program. Enterprise Zones are an important economic development tool, and VEDA supports the legislature appropriating more funds to serve existing zones and if the number of zones are expanded, additional funding as necessary.

- **Creating and Maintaining a Competitive Product** - Site readiness is important to Virginia's economic development efforts. Currently, Virginia has the lowest number of buildable/certified sites in the nation. VEDA continues to support the Virginia Business-Ready Sites (VBRS) program and other efforts to provide a more competitive product for those businesses looking to locate or expand in the Commonwealth. VEDA supports the expansion of the VBRS program to include 100-acre sites for characterization and continued funding for large site development.

- **Agriculture and Forestry Industries Development Fund** - AFID is a critical tool for localities to support two of Virginia's largest industries: agriculture and forestry. These performance-based grants are made to companies that create jobs and investment, add value to Virginia-grown products and often are not eligible for any other discretionary economic development assistance from the Commonwealth, making the AFID fund crucial to the attraction and expansion of ag and forestry based businesses. In addition to the economic impact created by each project, the AFID program requires that its grantees commit to sourcing Virginia-grown agricultural and forest products - creating additional marketplaces for Virginia's farmers and forestland owners. The AFID program helps both rural and urban localities throughout the Commonwealth attract new and expanding businesses, and it is imperative that funding for the program be maintained.

- **Skill-Enhancing Workforce Credentials for High Demand Jobs** - VEDA supports additional funding to build on the success of the New Economy Workforce Credentials Grant, a pay-for-performance initiative that supplies Virginia's business with the skilled and credentialed talent most in need by Virginia's businesses and delivered through the Virginia Community College System.

