

# COMMONWEALTH OF VIRGINIA DISCRETIONARY INCENTIVES

## Commonwealth Development Opportunity Fund

- The Commonwealth 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.
- 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.
- Grants are made at a locality’s request for a project under the following conditions:
  - o \$5 million capital investment and 50 new jobs at the prevailing average wage, or \$100 million capital investment and 25 new jobs at the prevailing average wage.
    - Thresholds reduced to \$2.5 million capital investment and 25 new jobs at 85% of the prevailing average wage in Single-Distressed Communities.
    - Thresholds reduced to \$1.5 million capital investment and 15 new jobs at 85%.
    - The locality participates in a matching dollar-for-dollar (cash or in-kind) financial commitment.
  - o Review of financial documents and/or other information from the company.
  - o Public announcement of the project is coordinated by VEDP and the Governor’s Office.
  - o A performance agreement is executed between the locality and the company outlining promised job creation, capital investment, and wages.
  - o Annual updates from the company reporting the status of the capital investment and job creation outlined in the performance agreement.

## Virginia Investment Performance Grant

The Virginia Investment Performance (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 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.

## 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 located 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 located 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.

## **Governor's Agriculture and Forestry Industries Development Fund**

The Governor's Agriculture and Forestry Industries Development Fund (AFID), administered by the Virginia Department of Agriculture and Consumer Services (VDACS), 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; a 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 (POV 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 the 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 the 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; shipbuilding and ship repair; dredging; marine construction; or offshore energy exploration and extraction.

### **Tobacco Region Opportunity Fund**

The Tobacco Region Opportunity Fund (TROF), administered by the Virginia Tobacco Region Revitalization Commission, provides performance-based monetary grants and loans to localities in Virginia's tobacco-producing regions (34 counties and six cities in southern and southwestern Virginia). These grants and 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.

The TROF program is intended to support the goal of the Commission to revitalize and diversify the economies of tobacco-dependent regions and communities.

### **Virginia Enterprise Zone Program**

The Virginia Enterprise Zone (VEZ) 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. 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 the permanent net, new jobs created over a four-job threshold that meet certain wage and benefit requirements. Qualified businesses receive up to \$800 annually per grant-eligible position filled by an employee earning 200% of the Virginia minimum wage who was offered health benefits. Qualified businesses receive up to \$500 annually per grant-eligible position filled by an employee earning at least 175% (150% In High Unemployment Areas or SWaM-certified businesses) of the Virginia minimum wage, who was offered health benefits.

### **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. For companies investing less than \$5 million, the maximum grant is equal to 20% of the excess above the minimum required investment, up to a maximum of \$100,000. 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 exceed \$100,000 in qualified real property investments, while investments in new construction must exceed \$500,000. Investments in machinery and tools and business personal property are not considered qualified real property investments.

## **Foreign Trade Zones**

Foreign Trade Zones (FTZs) 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 products. Businesses are allowed to store goods within foreign trade zones for an unlimited period. They are also allowed to manufacture products within zones and pay duties at the duty rate of either the foreign parts used or the finished product, whichever is most advantageous to the company. Virginia offers six general-purpose FTZs, designated by the U.S. Department of Commerce. Each of Virginia's six FTZs is designated under the Alternate 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.

## **Infrastructure Assistance**

### **Rail Industrial Access Program**

The Rail Industrial Access (RIA) program, administered by the Virginia Department of Rail and Public Transportation (DRPT), provides funds to construct railroad tracks for 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 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, 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.

## Tax Incentives / 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 July 1, 2025. 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 (R&D) 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 R&D Expenses Tax Credit

The Major R&D Expenses Tax Credit is an individual and corporate income tax credit for taxpayers with Virginia-qualified research and development expenses in excess of \$5 million for a taxable year. The tax credit is equal to 10% of the difference between the taxpayer's qualifying expenses in the current year and 50% of the average amount of the qualifying expenses for the three previous years.

If the taxpayer didn't have any qualifying R&D expenses in at least one of the previous three years, the amount of credit equals 5% of the expenses in the current year.

The research of a taxpayer applying for the Major R&D Expenses Tax Credit must meet the federal definition of qualified research under IRC S 41 (d) to qualify for the credit. Qualified in-house or contract expenses include qualified research expenses, qualified services, wages, supplies, or qualified research consortium expenses.

### Worker Training Tax Credit

Virginia employers are allowed to take an income tax credit for expenditures made by the employer for eligible worker training. Eligible worker training includes credit or noncredit courses that result in the employee receiving a workforce credential, or instruction or training that is part of an apprenticeship. Eligible training also includes orientation, instruction, or training for middle and high school students, through programs certified by the Department of Education.

The program has a spending cap of \$1,000,000 per fiscal year. Application for credits must be made to, and the credits are issued by, the Commonwealth of Virginia Tax Commissioner.

Companies must calculate eligibility using one of the following methods:

- If claiming the credit based on credit or noncredit courses of eligible worker training, the credit is equal to 35% of expenses incurred by the business for eligible training, up to \$500 per qualified employee per year, or \$1,000 if the employee is considered a non-highly compensated worker.
- If claiming the credit based on manufacturing-related orientation, instruction, and training programs, the credit is equal to 35% of the direct costs associated with the program, not to exceed \$2,000. Direct costs include salaries and wages, training equipment and materials, and the cost of space used to conduct training.

Credits cannot exceed a company's tax liability in any one taxable year, but 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. The amount of the annual credit for each new green job will be \$500 per job per year for up to five consecutive years that the jobs are continuously filled.

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, 2025, 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 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 <https://www.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.
- Solar energy equipment, facilities, and devices that collect, generate, transfer, or store thermal or electric energy.

Localities have the option to exempt the following property fully or partially 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.
- 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.
- Energy-efficient buildings.

## **Commercial and Industrial Sales & 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.
- 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 data center retail sales and uses 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 <https://www.vedp.org/>.

## **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.

In addition to recruiting and customized training services, the Virginia Talent Accelerator Program offers a robust suite of organizational development and operational excellence training and consulting services. These services help companies establish a collaborative culture and optimize individual performance.

The highly customized job-specific training services are delivered using methodologies and media determined to be the most effective for accelerating learning in each topic. These can include:

- Hands-on training.
- Simulations.
- Broadcast-quality videos.
- Instructor-led classroom sessions.
- Illustrated work instructions.
- Animations.

□ E-learning modules.

## **Virginia Jobs Investment Program**

The Virginia Jobs Investment Program (VJIP) is vital to the Commonwealth of Virginia's economic development efforts. VJIP is a performance-based discretionary incentive that provides funding and assistance to companies creating new jobs or experiencing technological change. VJIP funding helps to offset recruitment and training costs for new or expanding companies and companies retraining their employees. Funding for each net new full-time job created or full-time employee retrained is 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 a new employee is hired. In addition to direct funding, to help increase business effectiveness regionally based Talent Solutions Managers offer human resource assistance at no charge and facilitate relationships with other workforce and education partners in Virginia.

## **New Jobs Program**

The New Jobs Program is vital to 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 earning at least 120% of the Virginia minimum wage 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 VJIP Small Business New Jobs Program supports companies that have 250 employees or less company wide. For the Small Business New Jobs Program, the business must create a minimum of five net, new jobs earning at least 120% of the Virginia minimum wage within 12 months from the date of first hire and make a new capital investment of at least \$100,000.

## **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)**

Through Virginia's community colleges, employers can benefit from short-term training of employees provided by FastForward, a program that aligns the state's workforce development investments to support the growth of Virginia's industry sectors. FastForward develops industry-endorsed, competency-based workforce training programs for in-demand jobs.

## **G3 Program**

Virginia's new G3 program offers tuition-free community college to low- and middle-income students who pursue jobs in high-demand fields. G3, which stands for "Get Skilled, Get a Job, Give Back," provides financial support to cover tuition, fees, and books for eligible students at Virginia's two-year public institutions. The G3 program, which brings new workers into key industries including information technology, is one of the first in the nation to provide students at the lowest income levels with wraparound financial assistance to help with expenses such as food, transportation, and childcare as they pursue higher education and vocational training.

## Management and Technical Support

### The Virginia Innovation Partnership Corporation (VIPIC)

The Virginia Innovation Partnership Corporation (VIPIC), formally known as CIT, leverages public and private technology sector investments to develop Virginia's innovation economy. By concentrating on the early commercialization and seed funding stages of innovation, VIPIC helps innovators and tech entrepreneurs launch and grow new companies, create high-paying jobs, and accelerate economic growth throughout the entire state of Virginia. VIPIC is the non-profit operations arm of the Virginia Innovation Partnership Authority (VIPA).

### VIPIC Funding Programs

The Commonwealth Commercialization Fund (CCF) created, follow-on funding, new IP, jobs created, and other foster innovative and collaborative efforts in Virginia important economic drivers through investment in high-potential technologies in order to accelerate Virginia's economic growth and position the Commonwealth as a national leader in science-and-technology based research development, and commercialization. The CCF combines two legacy state programs, the Commonwealth Research Commercialization Fund (CRCF) and the Virginia Research Investment Fund (VRIF). Together, these programs have invested more than \$35 million dollars in approximately 385 projects to support early-stage technology development efforts in strategically important industries, leading to products being launched, companies being created, follow-on funding, new IP, jobs created, and other important economic drivers.

Currently issued by the State Council on Higher Education in Virginia, the Commonwealth Research and Technology (R&T) Strategic Roadmap, is a comprehensive planning tool used to help identify research areas for economic development and institutional focus. It's used by elected and other officials to pinpoint industry sectors with commercial promise to drive Virginia's economy, and for which funding may be available through the Commonwealth Commercialization Fund (CCF) and the Virginia Research Investment Fund (VRIF). Additionally, it helps unify and inform organizations such as public and private universities.

The Virginia Venture Partners (VPP), formerly CIT GAP Funds, place equity investments in Virginia-based technology companies with over 1,000 investors and \$1.1 billion in private capital investment. While supporting a diverse range of sectors and industries, VP has invested in over 240 new companies and supported the creation of 6,500 jobs. VP invests with the goal of generating significant economic returns for entrepreneurs, co-investors, and the Commonwealth of Virginia.

Because the availability of early-stage capital is critical for many emerging technology companies, VIPIC offers the Federal Funding Assistance Program (FFAP). FFAP identifies and accelerates opportunities for Virginia's small technology businesses to obtain government contracts through Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR). In 2018 VIPIC supported 57 companies who received \$71 million in SBIR/STTR funding. VIPIC is one of 24 grantees for BA's Federal and State Technology (FAST) Partnership Program.

The Virginia Founders Fund (VFF) aids underrepresented entrepreneurs in the Commonwealth by providing them with seed funding. VFF focuses on women founders and founders of color developing companies in the software, hardware, life science, clean tech, and the technology services industry.

The Regional Innovation Fund (RIF) is administered by VPIC's Entrepreneurial Ecosystems Division

and is a state-funded program. RIF provides Virginia-based entrepreneurial support organizations (ESOs) with sustained co-funding. Provided the ESOs meet projected entrepreneurial outcomes and metrics, those grants can be renewed on an annual basis.

## **VIPC Market Development**

VIPC also focuses on developing target markets to meet the needs of the Commonwealth. This is accomplished by PICs' role in developing foundations for Smart Community Initiatives, information acquisitions for Virginia Unmanned System Center, and investing resources into Cybersecurity.

VIPC leads Smart Community Initiatives across the Commonwealth through direct outreach, partnerships, grants, and information resources. VPIIC provides a robust support ecosystem for IoT and smart tech innovators via the Smart City Works actuator and several Living Labs.

The Virginia Unmanned Systems Center at VIPC is the nexus for Virginia's activity in UxS - Air, Land, Sea, and Space. VIPC is the primary source for information, grants, partnerships, and seed funding for UxS in the Commonwealth.

VIPC invests capital, time, and resources in developing the Cybersecurity industry in the Commonwealth. VIPC continues to proactively build and support the Women in Cyber community across the nation.

## **Telework Incentives**

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.

## **International Trade**

### **VEDP Division of International Trade**

The mission of VEDP's Division of International Trade is to increase the number of Virginia companies selling overseas and their volume of international business. International Trade annually serves 360 Virginia companies by identifying new international markets, developing market entry strategies, optimizing their supply chains, and locating distributors and representatives for products or services.

International Trade maintains offices across the state and offers a global network of local consultants in 90 countries, who provide international market research and set up one-on-one meetings with prospective clients for Virginia exporters. Additionally, the team conducts more than 15 international trade missions and trade shows annually to introduce Virginia products and services to global markets. Virginia businesses interested in increasing international sales benefit from International Trade's export development programs, services, and grants, including:

- Trade Missions.
- State Trade Expansion Program (STEP) Grant.
- Global Defense Program (GDP).
- Trade Show Program.
- Virginia Leaders in Export Trade (VALET).
- Supply Chain Optimization Program.

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 377 companies representing a wide cross-section of industries have been accepted into and graduated from the VALET program.

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

### Industrial Development Bonds (IDBs)

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. IDBs 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 ELF offers permanent working capital, conventional financing, and other sources (COF, Historic Tax Credits, etc.).

### Loan Guarantee Program (LGP)

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 to increase the availability of commercial loans to Virginia's businesses. The maximum guaranty is the lesser of 75% 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, fixed asset purchases, and restructured debt benefiting the borrower with additional funding, a lower interest, and/or a longer repayment period.

### **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 (CDBG) funds 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.