



Commonwealth of Virginia

GENERAL ASSEMBLY

RICHMOND

January 12, 2017

To Members of the General Assembly:

Pursuant to § 30-312 of the Code of Virginia, the Major Employment and Investment Project Approval Commission shall report annually to the Virginia General Assembly. Detailed expectations of that report are outlined as follows:

The Commission shall report annually by the first day of each General Assembly Regular Session on all endorsed incentive packages. Staff identified in § 30-311 shall assist the commission in preparing such report, which shall contain the following information: (i) the industrial sector of the MEI project or other economic development project, (ii) known competitor states, (iii) employment creation and capital investment expectations, (iv) anticipated average annual wage of the new jobs, (v) local and state returns on investment as prepared by the Virginia Economic Development Partnership Authority, (vi) expected time frame for repayment of the incentives to the Commonwealth in the form of direct and indirect general tax revenues, (vii) details of the proposed incentive package, including the breakdown of the components into various uses and an expected timeline for payments, and (viii) draft legislation or amendments to the Appropriation Act that propose financing for the endorsed incentive package through the Virginia Public Building Authority or any other proposed funding or financing mechanisms.

The MEI Commission met twice during calendar year 2016 and approved the following packages of incentives:

Meeting on July 11, 2016

Project "Scribe"

- i. Industrial Sector: data analytics
- ii. Known competitor states: Maryland
- iii. \$52,685,000 investment / 1,273 employees
- iv. Average annual wage: \$97,000
- v. Ten-year net return on state incentives as prepared by VEDP: \$109,135,413
- vi. Expected timeframe for repayment of incentives: 2nd year, 1st quarter
- vii. Incentives endorsed (\$18.3 million total state incentives):
 - \$5 million Commonwealth's Development Opportunity Fund grant
 - \$10 million from Virginia Economic Development Incentive Grant program
 - \$900,000 Virginia Jobs Investment Program (VJIP) job training grants
 - \$2.4 million Major Business Facility Jobs Tax Credit
 - In addition to state incentives, the locality is offering \$13.4 million in cash grants, technology zone incentives, and BPOL reductions.

- viii. The incentives offered are authorized under existing law. Accordingly, no legislation or budget items related to the incentive package will be presented at the 2017 Session of the General Assembly.

Project “Ready”

- i. Industrial Sector: Rolled aluminum production
- ii. Known competitor states: Texas, Tennessee, and Iowa
- iii. \$769,600,000 investment / 250 employees
- iv. Average annual wage: \$70,000
- v. Ten-year net return on state incentives as prepared by VEDP: \$7,025,276
- vi. Expected timeframe for repayment of incentives: one year
- vii. Incentives endorsed (\$45.1 million total state incentives):
 - \$5 million Commonwealth’s Development Opportunity Fund grant
 - \$3 million Virginia Investment Partnership grant
 - \$500,000 Virginia Jobs Investment Program (VJIP) job training grants
 - \$3.1 million Tobacco Region Opportunity Fund grant
 - \$1.2 million Enterprise Zone Program grants
 - State tax incentives include \$32.3 million attributable to the sales and use tax exemption for manufacturing equipment.
 - In addition, the locality is offering \$23.5 million in cash grants, land, and infrastructure improvements.
- viii. The incentives offered are authorized under existing law. Accordingly, no legislation or budget items related to the incentive package will be presented at the 2017 Session of the General Assembly.

Project “Sweet Pickles”

- i. Industrial Sector: Corporate headquarters
- ii. Known competitor states: North Carolina
- iii. \$110,000,000 investment / 600 employees
- iv. Average annual wage: \$116,666
- v. Ten-year net return on state incentives as prepared by VEDP: \$28,380,466
- vi. Expected timeframe for repayment of incentives: 2nd year, 2nd quarter
- vii. Incentives endorsed (\$11.9 million total state incentives):
 - \$4 million Commonwealth’s Development Opportunity Fund grant
 - \$1 million Virginia Jobs Investment Program (VJIP) job training grants
 - \$5.3 million from Virginia Economic Development Incentive Grant program
 - \$650,000 Economic Development Access Program grant
 - \$500,000 Port of Virginia Economic and Infrastructure Development grant
 - \$450,000 Major Business Facility Jobs Tax Credit
 - In addition, the locality is offering \$19.5 million in cash grants and TIF financing.
- viii. The incentives offered are authorized under existing law. Accordingly, no legislation or budget items related to the incentive package will be presented at the 2017 Session of the General Assembly.

Meeting on December 12, 2016

Project "Emerald"

- ix. Industrial Sector: Corporate headquarters for a manufacturer
- x. Known competitor states: Georgia
- xi. \$36,300,000 investment / 748 employees
- xii. Average annual wage: \$127,719
- xiii. Ten-year net return on state incentives as prepared by VEDP: \$62,310,234
- xiv. Expected timeframe for repayment of incentives: 2nd year, 2nd quarter
- xv. Incentives endorsed (\$11.6 million total state incentives):
 - \$6 million Commonwealth's Development Opportunity Fund grant
 - \$4 million Virginia Economic Development Incentive Grant
 - \$1.1 million Virginia Jobs Investment Program (VJIP) job training grants
 - \$876,000 Major Business Facility Jobs Tax Credit
 - In addition to state incentives, the locality is offering \$6.0 million in cash grants and infrastructure improvements.
- xvi. The incentives offered are authorized under existing law. Accordingly, no legislation or budget items related to the incentive package will be presented at the 2017 Session of the General Assembly.

To date, of the incentive packages for economic development projects endorsed in calendar year 2016, Dollar Tree, Inc., known as Project Sweet Pickles, has accepted and chosen to expand in Virginia.

The MEI Commission continues its work and will provide all relevant updates to the General Assembly by the next annual reporting deadline.

Sincerely,



S. Chris Jones
House Appropriations Committee



Thomas K. Norment, Jr.
Senate Finance Committee



Emmett W. Hanger, Jr.
Senate Finance Committee

Cc: The Honorable Todd P. Haymore, Secretary of Commerce and Trade
Mr. Stephen Moret, President and CEO, Virginia Economic Development Partnership