



**Orange County Economic Development
Incentive Policy
2016**

Background

Orange County Economic Development has made great strides in developing a business friendly environment to attract high value jobs and quality commercial investment to diversify the local tax base. The Economic Development Authority's (EDA) recent adoption of Orange County's first comprehensive strategic plan along with the departments inclusion in the Germanna Wilderness Area Plan (GWAP) planning process are testimonials to the department's recent accomplishments. Ensuring future progress, Orange County Economic Development's next steps include the development of a suite of incentives available for commercial investment.

The availability of an approved list of incentives for Orange County Economic Development office will help streamline future investment inquiries for prospective business investors and further enhance the marketing potential for Orange County as a place to do business.

The definition of economic development incentives are:

"A deliberate policy or set of policies designed to make a location more attractive to particular investment decision makers."

In the following document you will find a list of current incentives available through the state, most notably the Virginia Economic Development Partnership, and a list of other state agency programs. In addition you will find a list of Orange County Incentives recently approved by the EDA, waiting for County Board of Supervisor Approval.

Incentives Offered Through the Commonwealth of Virginia

The Commonwealth of Virginia works closely with existing businesses throughout the state as well as prospective businesses across the nation and the globe to attract commercial investment and high value job opportunities in Virginia. Most all of these efforts are done through the Virginia Economic Development Partnership (VEDP), which was created in 1995, along with a small number of other state agencies. The mission of VEDP is as follows:

"To enhance the quality of life and raise the standard of living for all Virginians, in collaboration with Virginia communities, through aggressive business recruitment, expansion assistance, and trade development, thereby expanding the tax base and creating higher-income employment opportunities."

To fulfill this mission, VEDP focuses on cultivating new business investment, fostering international trade growth and encouraging the expansion of existing Virginia businesses. To help cultivate and support business investment in the Commonwealth, Virginia has demonstrated a willingness to invest in those who invest in the Commonwealth with a variety of performance-based incentives. From tax credits and tax exemptions to cash grants, Virginia continues to demonstrate a willingness to invest in those who invest and reinvest in the Commonwealth.

The following is a list of incentives offered through VEDP and other state agencies. These incentives serve as a resource to the local Orange County office of Economic Development.

Commonwealth's Opportunity Fund (COF)

The Commonwealth's Opportunity Fund (COF), formerly known as the Governor's Opportunity Fund (GOF), is a discretionary incentive available to the Governor to secure a business location or expansion project for Virginia. Grants are awarded to localities on a local matching basis with the expectation that the grant will result in a favorable location decision for the Commonwealth.

Virginia Investment Partnership Act/Major Eligible Employer Grant (MEE)

The Virginia Investment Partnership (VIP) Grant and the Major Eligible Employer Grant (MEE) are discretionary performance incentives 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 Virginia Economic Development Incentive Grant (VEDIG)

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.

Governor's Agriculture and Forestry Industries Development Fund (AFID)

The Governor's Agriculture and Forestry Industries Development Fund (AFID) is a tool for communities within the Commonwealth to grow their agriculture and forestry industries through strategic grants made to businesses that add value to Virginia-grown agricultural and forestal products. AFID grants are made at the discretion of the Governor with the expectation that grants awarded to a political subdivision will result in a new or expanded processing/value-added facility for Virginia grown agricultural or forest products, and with the expectation that the grant will be critical to the success of the project. The amount of an AFID grant and the terms under which it is given are determined by the Secretary of Agriculture and Forestry and subject to the approval of the Governor.

Tobacco Region Opportunity Fund (TROF)

The Tobacco Region Opportunity Fund (TROF) makes grants to localities in Virginia's tobacco producing regions to assist with specific projects that result in the creation of new jobs and investment. Grants are made to the community at the discretion of the Tobacco Region Revitalization Commission. The goal of the Fund is to attract competitive projects expected to have a regional impact due to the magnitude of new employment and investment, and the possibility of follow-on industry.

Port of Virginia Economic and Infrastructure Development Grant Program (POV Grant)

The Port of Virginia Economic and Infrastructure Development Grant Program (POV Grant) provides a grant to certain Qualified Companies, as described below, to incentivize companies to locate new maritime-related employment centers or expand existing centers in specified localities in order to encourage and facilitate the growth of the Port of Virginia. This grant program is administered by the Virginia Port Authority.

Virginia Jobs Investment Program (VJIP)

The Virginia Jobs Investment Program (VJIP) is an incentive program offering customized recruiting and training assistance to companies that are creating new jobs or experiencing technological change. The program is designed to reduce human resource development cost by providing direct funding to qualifying new and expanding companies.

Corporate Income Tax Credits

Virginia offers a variety of tax credits that are available for use against a company's corporate tax liability:

- Major Business Facility Job Tax Credit
- Recycling Equipment Tax Credit
- Worker Retraining Tax Credit
- Virginia Port Tax Credit Programs
- Research and Development Tax Credit
- Green Job Creation Tax Credit

Sales and Use Tax Exemptions

Virginia offers some of the broadest sales and use tax exemptions in the U.S.

Property Tax Exemptions

Virginia does not tax intangible property, manufacturers' inventory, and manufacturers' furniture, fixtures and corporate aircraft.

Economic Development Access Program

Administered by the Virginia Department of Transportation, this program assists localities in providing adequate road access to new and expanding basic employers.

Rail Industrial Access Program

Provides funds to construct railroad tracks to new or substantially expanded industrial and commercial projects.

Transportation Partnership Opportunity Fund (TPOF)

TPOF is a discretionary grant available for transportation-related issues related to unique economic development projects.

Virginia Small Business Financing Authority (VSBFA)

VSBFA offers programs to provide businesses with access to capital needed for growth and expansion.

Enterprise Zones

Virginia's Enterprise Zone program provides state and local incentives to businesses that invest and create jobs within Virginia's enterprise zones, which are located throughout the state.

Technology Zones

Virginia authorizes its communities to establish technology zones to encourage growth in targeted industries. Presently, 30 cities and counties and 6 towns have created zones throughout the state.

Foreign Trade Zones

Virginia offers six foreign trade zones designed to encourage businesses to participate in international trade by effectively eliminating or reducing customs duties. Also, numerous subzones are provided and additional ones can be designated to enhance the trade capabilities of specific companies.

Defense Production Zones

Virginia authorizes its communities to establish local defense production zones to benefit businesses engaged in the design, development, or production of materials, components, or equipment required to meet the needs of national defense. Companies deemed ancillary to or in support of the aforementioned categories would also apply.

These state incentive programs are available to existing businesses and to new business investment in Orange County. The eligibility criteria to qualify for these programs include business type, investment amount, employment, and other related matters.

Orange County Economic Development Incentives

To complement and further enhance the opportunity of investment in Orange County, the Orange County Economic Development Authority offers the following economic development incentives to entrepreneurs, existing businesses or businesses locating new operations in Orange County. These incentives may be awarded to certain high value companies who qualify by meeting the target industries of the Economic Development Strategic Plan, promise high growth and/or fill a service gap in the local economy. These incentives are performance based which can be utilized in collaboration with the aforementioned Commonwealth of Virginia incentive programs; and are subject to EDA approval on a case by case basis.

1. **Real Estate Improvement Tax Grant** - A seven year real estate tax grant paid in arrears on assessed value of improvements. The first four years are paid on 100% of improvements and final three years are paid in a phased 25% reduction per year. Qualifying rehabilitated structures must have a new assessed value increase of no less than 20%. Qualifying real estate must be industrial, commercial or mixed use and be no less than 20 years old.
2. **Manufactures Machinery & Tool's Tax Grant** – High value qualifying manufacturers may receive a tax grant paid in arrears for three years, toward the tax value of recently purchased new or used specialized machinery or equipment in value of no less than \$50,000.
3. **Service Industry Business Personal Property Tax Grant** – High value qualifying professional service companies approved by the EDA may receive a tax grant paid in arrears for three years, toward the tax value of recently purchased new or used business personal property in value of no less than \$50,000.
4. **Fast-Track Plan Review & Permit Fee Waivers** - Building and Planning officials will expedite the internal review process of plans for turnaround in approximately 7 business days (dependent on completion of application and complexity of type and use). Qualifying projects must create five new jobs and have investment of \$500,000 in new construction to waive and/or grant development fees. (New construction does not include costs associated with architecture or engineering services).
5. **Discounted Pricing on County Owned Land** - Qualifying commercial and industrial projects approved by the EDA may qualify for discounted County owned land.

6. **Encourage Diversified Retail** - Designed to attract eclectic restaurants, retailers and other visitor/recreation services. Qualifying companies can receive incentives valued no more than \$2,000. Destination Retailers can receive a 50% reimbursement of marketing expenses completed in the first six months of opening. In addition they will receive a complimentary two year membership to Orange County Chamber of Commerce (OCCC), which includes marketing opportunities through e-blast, newsletter, and website. Projects are funded on a first come first served basis. Qualifying companies must meet identified industry sectors in the following 4 digit NAICS codes or receive approval from the EDA. Industry NAICS codes approved are: 4421, 4422, 4431, 4441, 4442, 4451, 4452, 4453, 4461, 4481, 4482, 4483, 4511, 4512, 4521, 4529, 4539, 4541, 4871, 4872, 4879, 7111, 7112, 7121, 7131, 7139, 7213, 7223, 7224, 7225. NAICS code descriptions can be found in Table 1 on page 6.
7. **Advance Start-ups** - Designed to attract creative class talent, support local entrepreneurs and encourage existing home-based businesses to locate in commercial space. Qualifying companies may access incentives valued no more than \$3,000. Incentive options include: 1. Interest-rate buy-down. 2. Refund for broadband connection fees. 3. Grant equal to 50% the cost of website design up to \$1,000 or 75% the cost of website design up to \$1,500 for an ecommerce website. 4. \$500 cash grant for each full-time job created up to five employees for one year; which pay at least 250% the federal minimum wage. Projects are funded on a first come first served basis. Qualifying companies must meet identified industry sectors in the following 4 digit NAICS codes or receive approval from the EDA. Industry NAICS codes approved are: 4421, 4422, 4431, 4441, 4442, 4451, 4452, 4453, 4461, 4481, 4482, 4483, 4511, 4512, 4521, 4529, 4539, 4541, 4871, 4872, 4879, 5112, 5182, 5191, 5413, 5414, 5415, 5416, 5417, 5418, 5419, 7111, 7112, 7121, 7131, 7139, 7213, 7223, 7224, 7225. NAICS code descriptions can be found in Table 1 on page 6.
8. **Temporary Office Space** – Designed to assist new companies locating to the community, Economic Development staff will attempt to provide free temporary office space for an administrative staff up to three persons during construction up fit for a maximum of six months for projects approved by the EDA.
9. **Red Carpet Roll Out** – Qualifying high value businesses locating in Orange County will receive one year of membership to the Orange County Chamber of Commerce along with a welcome package of complimentary or discounted services from various local organizations, businesses and community events. The welcome package provides one year of complimentary or discounted pricing to local workshops and festivals; including small business development center classes, safety seminars/assessments from local police/fire/ems, chamber programs and Orange Downtown Alliance, Gordonsville & Montpelier festivals, etc.
10. **Real Estate Development Cost Grant** - Qualifying projects approved by the EDA may receive grants up to the lesser of 33% or \$20,000 for real estate development costs. Qualifying costs are: construction material for building renovation or new construction; demolition of existing structures; storm water fees; water and sewer connection fees; and paving and sealing of parking lots. This incentive is funded through the EDA on a first come first served basis.

11. **Significant Investment Incentive** – Significantly larger economic development projects measured by capital investment, job creation, or some combination thereof, may be eligible for enhanced or expanded incentives.

Below is a detailed chart that lists the eligible industry NAICS code that are qualified to take advantage of county incentives and the respective meaning of each NAICS code.

Table 1

<u>CODE</u>	<u>MEANING</u>
4421	Furniture stores
4422	Home furnishings stores
4431	Electronics and appliance stores
4441	Building material and supplies dealers
4442	Lawn and garden equipment and supplies stores
4451	Grocery stores
4452	Specialty food stores
4453	Beer, wine, and liquor stores
4461	Health and personal care stores
4481	Clothing stores
4482	Shoe stores
4483	Jewelry, luggage, and leather goods stores
4511	Sporting goods, hobby, and musical instrument stores
4512	Book stores and news dealers
4521	Department stores
4529	Other general merchandise stores
4539	Other miscellaneous store retailers
4541	Electronic shopping and mail-order houses
4871	Scenic and sightseeing transportation, land
4872	Scenic and sightseeing transportation, water
4879	Scenic and sightseeing transportation, other
5112	Software publishers
5182	Data processing, hosting, and related services

5191	Other information services
5413	Architectural, engineering, and related services
5414	Specialized design services
5415	Computer systems design and related services
5416	Management, scientific, and technical consulting services
5417	Scientific research and development services
5418	Advertising, public relations, and related services
5419	Other professional, scientific, and technical services
7111	Performing arts companies
7112	Spectator sports
7121	Museums, historical sites, and similar institutions
7131	Amusement parks and arcades
7139	Other amusement and recreation industries
7213	Rooming and boarding houses
7223	Special food services
7224	Drinking places (alcoholic beverages)
7225	Restaurants and other eating places