

# Virginia Economic Development Partnership

Rob McClintock, Director of Research

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## Mission Statement

*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 building the tax base and creating higher income employment opportunities.*

## VEDP Vertical Markets

### Advanced Manufacturing

Food Processing  
Pharmaceuticals  
Natural Resources  
Chemicals

### Security & Services

Federal Security Agencies &  
Providers  
Information Technology  
Finance, Insurance, HQ  
Professional & Business Services

### Science & Research

Biotechnology/R&D  
Nanotechnology  
Emerging Industries  
Medical/Federal Labs

### Transportation

Automotive  
Aerospace  
Global Logistics  
Distribution

## Primary Project Location Factors

- Workforce
- Logistics/Markets
- Sites/Buildings/Infrastructure
- Business Climate
- Quality of Life

## Virginia's Business Climate

<b>Forbes.com</b>	#1 in 2008, 2007 and 2006
<b>CNBC</b>	#2 in 2008; #1 in 2007
<b>Pollina</b>	Top three since 2004
<b>Tax Foundation</b>	Best Corporate Income Tax since 2003



## Cost of Doing Business in the U.S.

Business Deductions	All Industries	Manufacturing
Cost of Goods (incl. transportation)	59%	71%
Labor	14%	9%
Advertising, Other Misc. Deductions	15%	11%
Capital	10%	7%
Taxes (state & local)	2%	<2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: IRS, All Active Corporate Income Tax Returns, 2005

## Relative Impact of Corporate Income Tax

- 75,000 corporate returns filed annually
- 1% of returns filed paid 76% of tax collected
- 186 (0.2%) returns filed paid 55% of taxes
- 3-5% of Total General Fund revenues
- Known for volatility year to year
- Real cost to business & state ?

Source: Virginia Department of Taxation, 2007 Annual Report

## Guiding Principles for a Change in Tax Policy

- Need for in-depth analysis
- Do no harm
- Promote fairness
- Improve the business climate

## Funding Priorities for Economic Development

- Invest in workforce development
- Increase the funding of discretionary incentives
- Strengthen our innovation capacity
- Maintain our competitive business environment

**Thank you!**

**Questions?**