



# Compete to Win

Comprehensive Economic Development  
Policy for the Youngkin Administration



# Table of Contents

---

EXECUTIVE SUMMARY	4
WHAT IS ECONOMIC DEVELOPMENT?	9
VIRGINIA'S COMPETITIVE LANDSCAPE	11
TURNING THE CORNER: ECONOMIC CONTEXT & PROGRESS TO DATE	14
REFINE INDUSTRY SEGMENTATION	21
COMPETING TO WIN: A LEGO CASE STUDY	26
UNLEASH A TALENTED WORKFORCE	28
ACCELERATE SITE & INFRASTRUCTURE DEVELOPMENT	35
MAKE VIRGINIA MORE AFFORDABLE	44
BREAK DOWN BARRIERS	49
DRIVE INNOVATION	54
A BEST-IN-CLASS VIRGINIA	59

**Covers (top left, to bottom): Front:** Sandbridge, Virginia Beach; Downtown Richmond; Haleon, Richmond; Framatome Inc., Lynchburg; Virginia Creeper Trail, Washington County; The LEGO Group Announcement with Governor Youngkin, Chesterfield County; **Back:** Big Meadows, Shenandoah National Park, Madison County; Mount Vernon, Fairfax County; NASA Wallops Flight Facility, Accomack County; Virginia International Gateway, Portsmouth; Arlington Skyline; Aurora Flight Sciences, Boeing, Manassas; Richmond Skyline; Mill Mountain Overlook, Roanoke; Micron, Manassas; Optical Cable Corporation, Roanoke; Rudee Inlet, Virginia Beach



# *COMMONWEALTH of VIRGINIA*

## *Office of the Governor*

Glenn Youngkin  
Governor

December 22, 2022

To My Fellow Virginians,

Since I was inaugurated as Virginia's 74<sup>th</sup> governor, my goal has been to promote the Commonwealth as the best place to live, work, and raise a family. To accomplish this goal, I am proud to present this Administration's plan to "Compete to Win," a comprehensive economic development policy to further the Virginia promise by growing good jobs and opportunity.

The Commonwealth's economic future stands at an inflection point. When we got to work in January, we faced the challenge of Virginia's recent sluggish economic performance and residents leaving Virginia for competitor states. This was simply a losing formula.

Thanks to the tireless efforts of our Administration, the General Assembly, local leaders and partners in the private and public sectors, we're delivering results — and the tide is turning. Virginia's labor force participation rate is steadily ticking upwards.

But returning to pre-pandemic employment is simply not enough. Over the next three years of this Administration, the U.S. is forecasted to create 3.1 million jobs, and Virginia is expected to capture just 2.7% of that employment. Virginia must do more to win more than our share of economic growth.

Every day, Virginia competes against some of the nation's fastest-growing states: North Carolina, South Carolina, Georgia, Tennessee, Florida, and Texas. While consistently achieving high marks in national business rankings, we are still losing out to these competitor states on transformational projects, jobs, and population growth.

The stakes have never been higher. Virginia must commit to taking strong action that builds upon a best-in-class business environment to attract far more new businesses, help our existing job creators grow, unlock world-class entrepreneurial creativity and reverse population losses. Now is the time to hit the accelerator and compete to win!

This plan is a commitment that we will remain laser-focused on exceeding Virginia's current forecasted economic growth. To achieve our mission of growing both jobs and opportunity for all Virginians, we created an ambitious and bold roadmap.

Competing to win starts with reducing taxes at the corporate and individual levels. We must stop talking about what needs to be done and start doing more — a lot more. In addition to addressing taxes, below are a few initiatives that this Administration will undertake to increase Virginia's share of economic growth.

- Drive job growth and labor participation
- Train the best workforce
- Double down on developing business-ready sites
- Streamline burdensome regulations
- Stimulate affordable, reliable, and clean energy
- Incentivize attainable, accessible housing that Virginians can afford

I want to thank the many individuals, organizations, and stakeholders who engaged in the development of this plan over these past months. Together, we will compete, and we will win!

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn Youngkin". The signature is fluid and cursive, with a prominent initial "G" and a long, sweeping tail on the "k".

Glenn Youngkin

# Executive Summary

---

# Executive Summary

**Leverage Virginia’s critical assets, strengthen fundamental elements of the state’s business attractiveness, and enhance collaboration across government, education, the private sector, and investors to make the Commonwealth the best state to live, work, and raise a family.**

Economic development is essential to making Virginia an attractive place to live, work, and raise a family. Critical to Virginia’s job growth and competitiveness, economic development stimulates new job creation and investment, promoting a high quality of life for all residents of the Commonwealth. Each day, hundreds of stakeholders across Virginia engage in economic development activities to generate economic growth opportunities for the Commonwealth.

Widely recognized as a top state for business, the Commonwealth is home to a wealth of world-class natural and human assets. Virginia’s top-tier education system, ranked as the best among its competitor states by WalletHub in 2022, includes exceptional higher education institutions, a high concentration of tech talent (*Business Facilities* ranked Virginia’s tech talent pipeline as the country’s best in 2022), large military bases with highly skilled veterans transitioning to the workforce each year, a strategic mid-Atlantic location, a world class port, and abundant natural beauty have served as a foundation for Virginia’s economic strength throughout its history. Recognizing these key assets, *Site Selection* magazine recognized Virginia as having the nation’s Top State Business Climate for 2022.

Though Virginia boasts many strengths, recent shifts in the global economic landscape, including COVID-19, posed unprecedented challenges, requiring creative solutions to capture and sustain economic growth for the Commonwealth. Virginia faces challenges related to COVID-19 employment recovery, out-migration, labor force participation, and housing. This Administration has made substantial progress in the face of these challenges over the past year. With more than 150 project announcements since the start of the Administration, leading global firms such as the LEGO Group, Boeing, and Raytheon, among others, have chosen Virginia for headquarters and new facilities, representing thousands of new jobs and billions in capital investment for the Commonwealth. Virginia’s new Office of Regulatory Management has begun to streamline and modernize regulatory processes to enhance the state’s business-friendly environment. Finally, over 85,000 more Virginians are working today compared to January 2022.<sup>1</sup>

Despite this progress, in many high-growth economic sectors, such as business services and information technology, Virginia’s job growth is estimated to lag the overall U.S., indicating that Virginia is expected to lose market share. According to Moody’s projections for employment growth over the next ten years, Virginia ranks 19<sup>th</sup> while Texas is expected to skyrocket to 3<sup>rd</sup>. Georgia ranks 10<sup>th</sup>, North Carolina 11<sup>th</sup>, South Carolina 12<sup>th</sup> and Tennessee 15<sup>th</sup>.<sup>2</sup>

---

<sup>1</sup> Local Area Unemployment Statistics, Bureau of Labor Statistics (November 2022)

<sup>2</sup> Moody’s Analytics, Employment Forecast (December 2022)

The Commonwealth also trails many competitor states in measures of entrepreneurship. Virginia's economic outlook, combined with the opportunities created by geopolitical factors and supply chain disruptions are driving companies to increasingly locate in the U.S. This is our call to action – Virginia must take unprecedented steps to supercharge its economic development and promote growth.

Leveraging the Commonwealth's key assets, this plan builds on Virginia's accomplishments over the past year to shift the state's economy into overdrive through four aggressive goals:

## Economic Development Goals for this Administration

- Drive job growth and labor participation
- Reverse Virginia's years-long trend of out-migration
- Enhance Virginia's economic competitiveness with key competitor states
- Expand Virginia's entrepreneurial ecosystem to spur startup and new business formation

To accomplish these goals, the Administration will undertake six strategies to drive economic development in the Commonwealth into high gear.

## Six Strategies to Win

1. **Refine Industry Segmentation:** Elevate industries where Virginia has competitive advantages and establish strategic segments for key sectors to generate growth for rural and urban Virginia, leverage all of government plus enablers to capture growth in industries where Virginia is strongly positioned to win and enhance Virginia's competitiveness for high-growth industries.
2. **Unleash a Talented Workforce:** Grow Virginia's workforce, improve connections between talent and businesses, and prepare Virginians to acquire in-demand, marketable skills.
3. **Accelerate Site and Infrastructure Development:** Prepare sites, utilities, and roadways to meet market demand, streamline Virginia's permitting processes to increase speed to market, and proactively invest in the necessary infrastructure to support growth.
4. **Make Virginia More Affordable:** Address housing supply shortages, energy costs, and individual taxes to reduce the cost of living in Virginia.
5. **Break Down Barriers:** Evaluate Virginia's business taxes, licensing, and other costs, and modernize Virginia's regulatory processes to reduce costs of doing business and remove barriers to success.
6. **Drive Innovation:** Strengthen a statewide culture conducive to entrepreneurship by enhancing connections between businesses, universities, investors, and talent and reducing burdensome regulations for small businesses and early-stage companies.

Virginia has experienced recent challenges in each of these areas, but through the work of this Administration and partners, the Commonwealth is turning the corner. Despite the state's progress over the past 11 months, it is time to hit the accelerator in these key focus areas to solidify Virginia's position as the nation's unrivaled top state for business.

Essential to maximizing the impact of these initiatives will be fostering effective collaboration both across the public sector and with industry partners and enablers, to generate solutions for businesses currently residing in and those considering Virginia. No longer can the Commonwealth operate in silos, propose one-size-fits-all

business solutions, and expect to maximize Virginia's economic growth. This Administration recognizes that government is not solely responsible for growing Virginia's economy. Only by working together and partnering with the private sector can Virginia achieve a best-in-class business environment that positions the Commonwealth to compete and win.

The Commonwealth needs bold solutions to capture a greater share of economic growth, and this plan includes initiatives to:

- Reduce Virginia's cost of living to attract and retain talent, consolidate Virginia's numerous workforce programs under one roof, and provide an opportunity for every high schooler to graduate with an industry-recognized credential
- Make transformational investments in business-ready sites to establish Virginia as a national site development leader and position the Commonwealth to compete more effectively for transformational economic development projects
- Reform personal and corporate income taxes, promote access to affordable and reliable energy, and facilitate affordable, attainable, and accessible housing options for Virginians
- Eliminate uncertainty for prospective companies by streamlining Virginia's environmental permitting processes and reducing costly regulatory hurdles

Lastly, Virginia needs to move beyond its history of incrementalism and advance bold initiatives to position the Commonwealth for growth by landing game-changing projects. This plan outlines the path forward for near-term success and long-term growth, with a focus on durable, sustainable enhancements to Virginia's economic development approach. The key initiatives outlined in this plan will reaffirm Virginia's position as the best state to live, work, and raise a family.

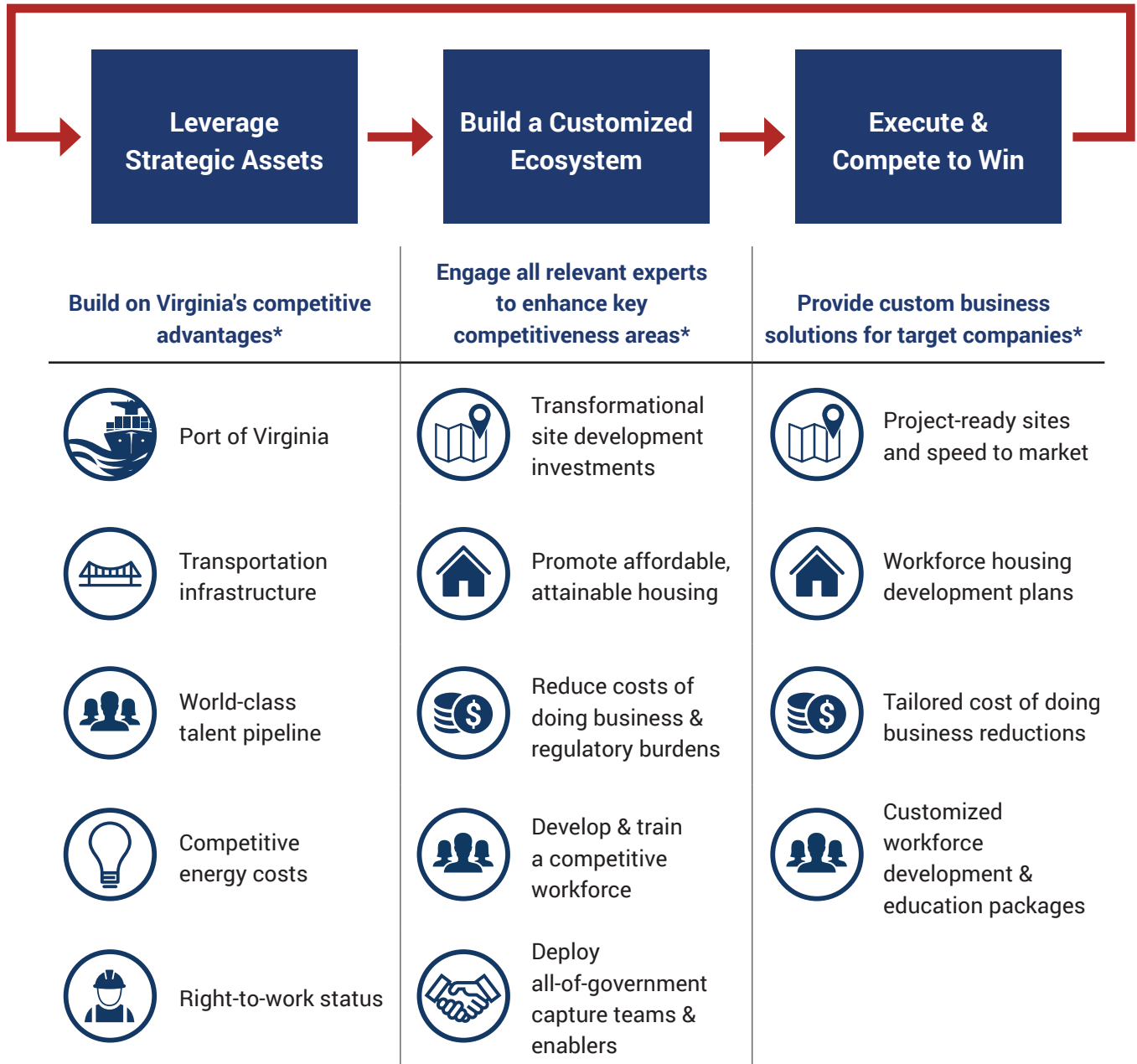


The LEGO Group Rendering, Chesterfield County



Virginia will segment and identify target industries and mobilize cross-functional teams, including all of government plus enablers, to capture economic growth.

Figure 1: Virginia’s all-of-government approach to target industry refinement  
 Industry example: Advanced Materials



\* Assets, key competitiveness areas, and custom business solutions are illustrative examples

# What is Economic Development?

---

# What is Economic Development?

Economic development refers to the collaborative efforts of a diverse range of public and private stakeholders committed to improving a community's economic well-being and quality of life. These include a broad range of activities to attract, create, and retain jobs and foster a resilient tax base and an inclusive economy.

With its economic development efforts, the Commonwealth seeks to:

- Create quality opportunities for all Virginians and make critical investments in Virginia's future
- Foster innovation to place Virginia at the forefront of emerging economic opportunities
- Create a more resilient Virginia economy that can weather economic volatility and is prepared for 21<sup>st</sup>-century challenges

Successful economic development requires an intentional, whole-of-government approach that brings together elected officials and civil servants across a wide range of fields, from transportation to housing, to natural resources management, and stakeholders from local, regional, and state-level organizations. Effective economic development must be closely coordinated with, and supported by, the Commonwealth's existing business community. Indeed, most new job creation comes from growing Virginia's existing businesses rather than attracting new firms.

The Commonwealth focuses its economic development efforts on traded sector industries at the state level. Traded sector businesses generate most of their sales from out-of-state customers, generating new jobs, wages, and economic growth for the Commonwealth. Growth in traded sector industries, directly and indirectly, induces growth in non-traded sector industries (e.g., retail, restaurants, and healthcare), representing about two-thirds of jobs.

Moreover, the Commonwealth primarily concentrates its business development efforts on a set of target industries for which Virginia has the strongest value proposition relative to competitor states. Virginia must maximize the effectiveness of its resources and target efforts that have the highest likelihood of generating returns for its citizens.



# Virginia's Competitive Landscape

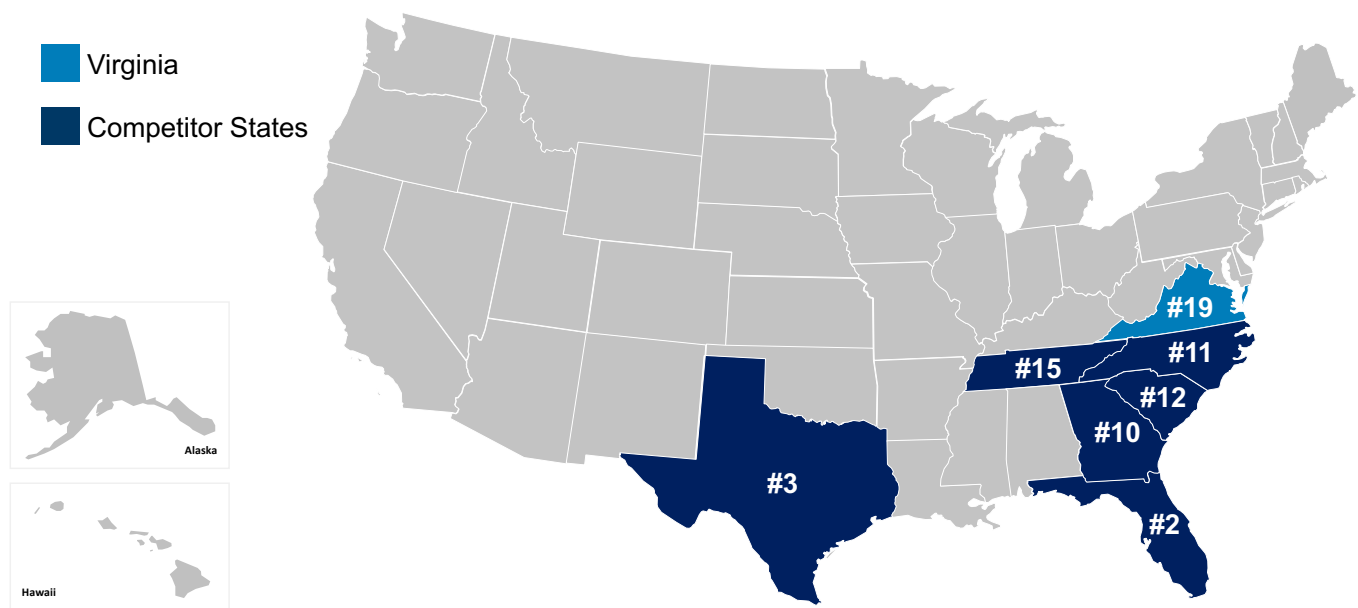
---

# Virginia's Competitive Landscape

Located in the Southeastern United States, Virginia faces intense competition for economic development wins from the nation's leading states for business that are concentrated within this region. While Virginia's historically strong performance in national rankings is remarkable, winning is relative. This Administration's primary focus is to enhance our competitive status relative to Virginia's peer states. The Southern and Southeastern regions are home to strong economic development competitors such as North Carolina, Georgia, South Carolina, Tennessee, Florida, and Texas. While Virginia has attracted transplants from many neighboring and Northeastern states in recent years, the Commonwealth has lost residents to North Carolina, South Carolina, Tennessee, Florida, and Texas since 2014.<sup>3</sup> Further, these competitor states are all forecast to achieve higher job growth than Virginia over the next 10 years.<sup>4</sup> To grow its economy and deliver prosperity for its citizens, Virginia must compete with these high-growth states.

## Virginia faces fierce competition from high-job-growth peer states across the South and Southeast.

**Figure 2: Employment forecast ranks among Virginia's top competitor states**  
Percent employment growth: 2022–2032<sup>5</sup>



<sup>3</sup> Census Bureau, American Community Survey

<sup>4</sup> Moody's Analytics, Employment Forecast (December 2022)

<sup>5</sup> Moody's Analytics, Employment Forecast (December 2022); rankings closer to one represent a higher employment growth forecast

Virginia needs to compete at a higher level to close the gap with its top competitor states. In the economic development arena, the stakes have never been higher. Virginia is competing for projects of historic proportions, with firms making generational investments in industries such as semiconductor and electric vehicle manufacturing as international supply chains are restructured in the wake of COVID-19 and geopolitical shifts. In Fiscal Year 2022, more than 7,000 economic development projects were announced across the country, representing more than 600,000 jobs and almost \$400 billion in capital investment. In this period, Virginia's share of total new jobs announced was just 3.4%, while Georgia and North Carolina captured 6.7% and 6.4%, respectively – nearly doubling Virginia's share of these jobs.<sup>6</sup> Virginia can capture a larger portion of these economic opportunities by leveraging strategic assets and deploying new strategies tailored to the needs of businesses.



<sup>6</sup> Conway Analytics (November 2022)

# Turning the Corner: Economic Context & Progress to Date

---

# Turning the Corner: Economic Context and Progress to Date

From the knowledge-based economy that dominates Northern Virginia to the shipyards of Hampton Roads and the next-generation Controlled Environment Agriculture (CEA) facilities emerging across the state, Virginia has a mature economy as diverse as the state itself. The Commonwealth has the country's 12<sup>th</sup> largest population and ranks 13<sup>th</sup> nationally in per capita personal income. Far larger and more diverse than most other state economies, but smaller than the powerhouse economies of Texas or Florida, Virginia occupies a competitive middle pack of state economies that includes high-growth economies such as North Carolina and Georgia.

## Historic Trends

Virginia is widely regarded as an attractive place to do business. The Commonwealth has been recognized as the Top State for Business more times than any other state by the financial publication CNBC and is the only state to win the honor twice in a row. However, when it comes to the Commonwealth's business environment, there is a gap between perception and reality. Virginia struggled with slow growth coming out of the Great Recession and failed to match the higher growth rates it saw before 2009. While this can be partially attributed to the effects of sequestration in 2011, Virginia has not fully capitalized on high-growth sectors where it holds natural competitive advantages, including manufacturing and technology.

Over the past two decades, Virginia's employment growth rank among states has steadily declined. While Virginia has seen improvement in growth and business perception since 2017, it remains a modest growth state and has struggled to match growth rates in the 1990s and 2000s. However, Virginia is beginning to turn the corner. In 2022, the Commonwealth has experienced a rise in its national employment growth rank but Virginia must shift its economy into overdrive.

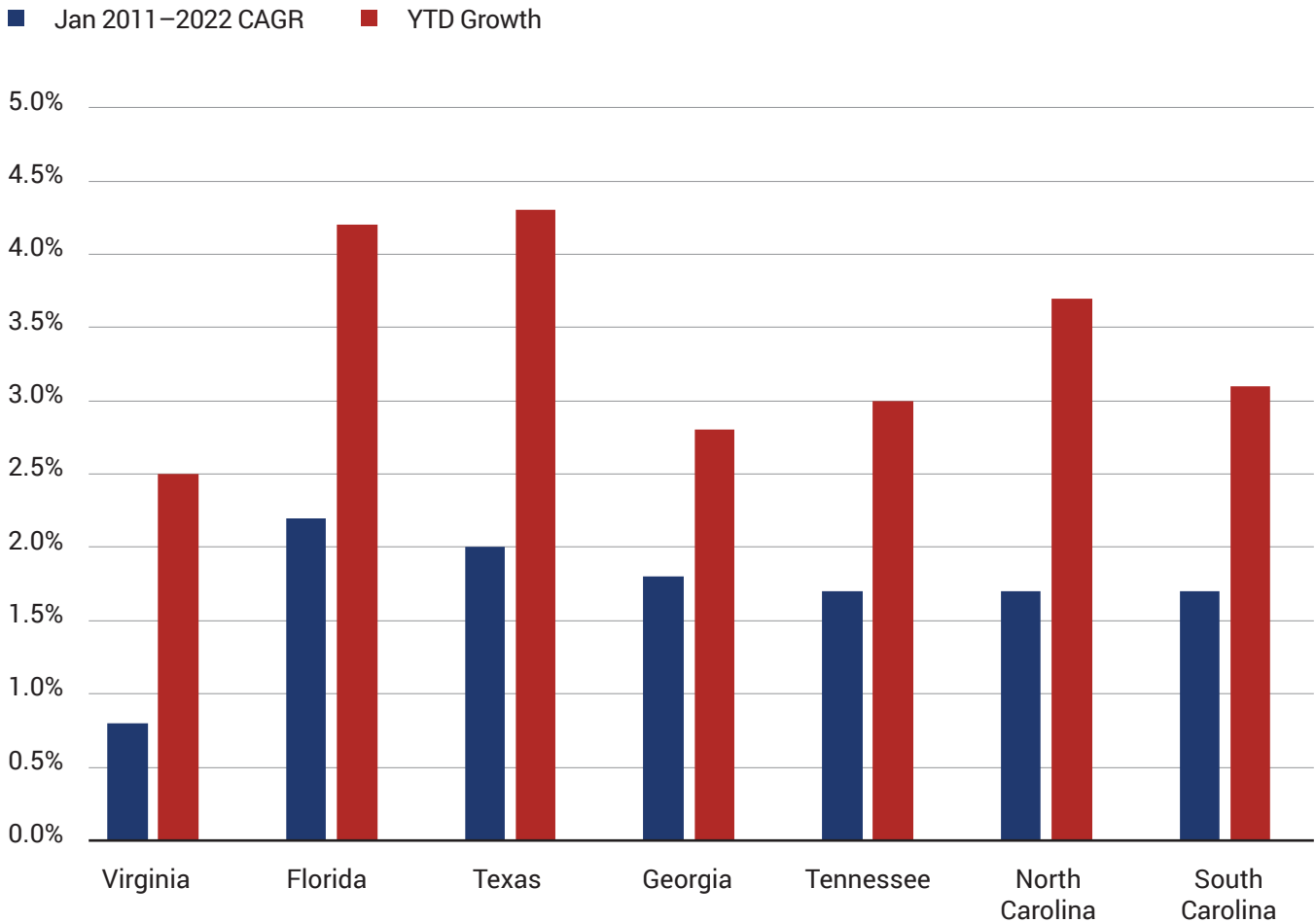




**For over a decade, Virginia's employment growth rate has been middle-of-the-pack among states, but the Commonwealth is seeing a rebound.**

**Figure 3: Virginia employment growth compared to competitor states**

Jan 2011–Jan 2022 compound annual growth rate (CAGR) & year-to-date (YTD) growth rate <sup>7</sup>



Virginia's sluggish economic performance in recent years also contributed to a shift toward domestic out-migration by 2014, with more people leaving Virginia for other states than moving into the Commonwealth. In the 2010s, the Commonwealth saw its slowest population growth rate since the 1920s, according to the Weldon Cooper Center for Public Service at the University of Virginia.<sup>8</sup> Today, migration patterns have reversed, with Virginia attracting thousands of new residents every year from the Northeast but losing an even larger number of residents to faster-growing metro areas, primarily in the Southeast and West. From 2020–2021, Virginia saw a gross outflow of more than 100,000 residents to key competitor states. With the population of the United States aging and labor force participation rates declining, Virginia's migratory balance will be a critical indicator of economic health.

<sup>7</sup> Current Employment Statistics, Bureau of Labor Statistics; 2022 reflects year-to-date ranking through November; higher ranking reflects higher employment growth in percentage terms

<sup>8</sup> University of Virginia Weldon Cooper Center for Public Service: "Population growth in Virginia slowest in a century as out-migration continues" (January 2020)

## Virginia saw more than 100,000 residents move to competitor states from 2020–2021, many in key demographic segments.

**Figure 4: Gross migration from Virginia to competitor states, including key demographic segments 2020–2021<sup>9</sup>**

State	2020–2021 out-migration from Virginia	Young professionals	Bachelor's degree or higher	Veterans	High-income individuals
North Carolina	30,868	4,817	12,356	3,337	4,859
Florida	28,155	6,428	13,426	3,053	3,880
South Carolina	13,635	2,079	4,258	798	2,269
Texas	11,712	2,090	5,072	246	3,287
Georgia	9,220	1,557	3,697	318	1,815
Tennessee	8,398	1,247	3,068	930	1,084

### COVID-19 Impact

While Virginia has recently achieved notable milestones securing major project wins and climbing in business climate rankings, the Commonwealth has yet to reach its full economic growth potential. The COVID-19 pandemic and subsequent prevention and control measures caused significant disruptions to the Commonwealth's economy. In total, approximately 620,000 Virginians were separated from employment. While employment levels fell by 10% overall at peak impact in April 2020, heavily affected industries such as leisure and hospitality saw job losses exceeding 40%.

While hundreds of thousands of Virginians lost employment due to the pandemic, many dropped out of the labor force entirely. An increasing number of workers approaching the end of their careers, buoyed by a strong stock market, opted to retire early. Other labor force departures were motivated by health concerns, caring for loved ones dealing with illness, or caring for children in the context of prolonged school shutdowns. The Commonwealth's labor force participation, among the highest in the country, steadily fell to 62.9% by December 2021 from a pre-pandemic level of 66.3%.

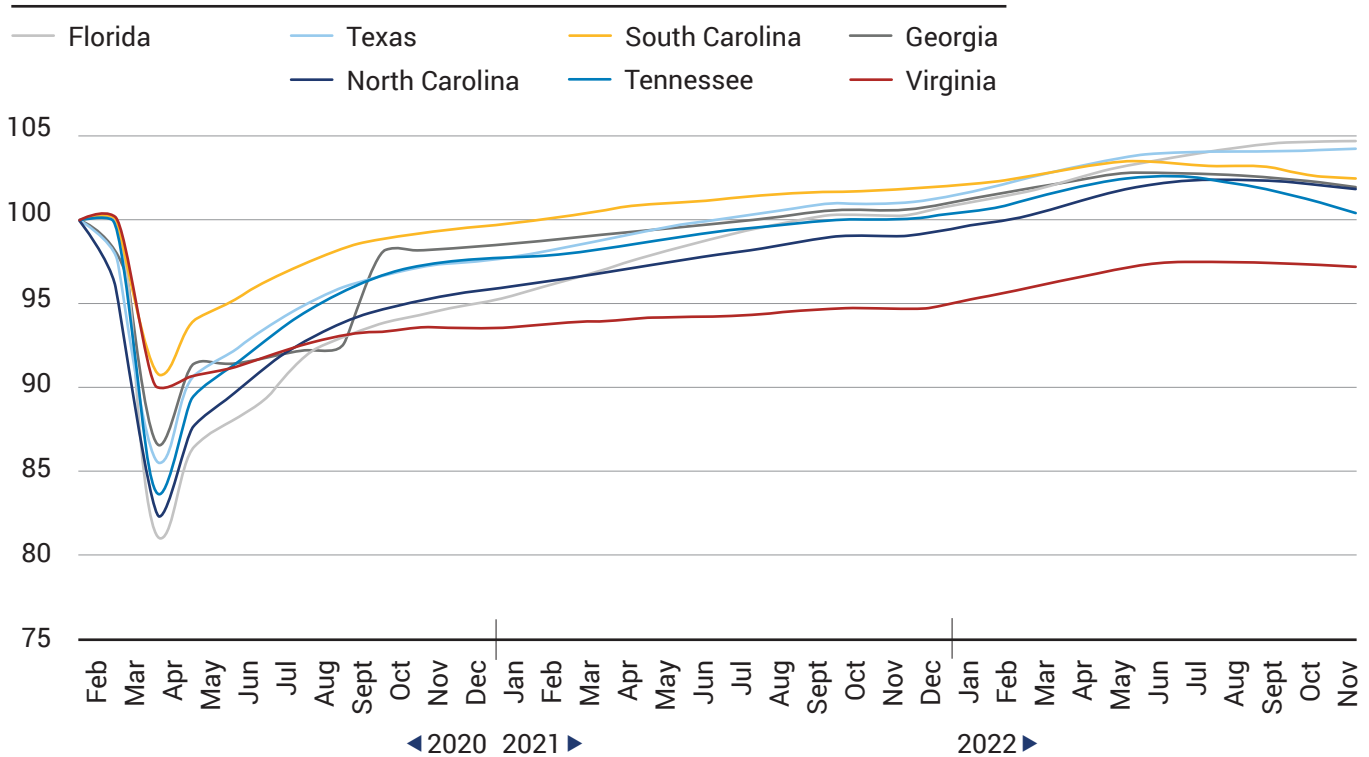
The summer of 2020 saw a rebound in employment with COVID-19 cases falling and unprecedented fiscal stimulus dollars injected into the economy. However, that initial recovery quickly dissipated, and Virginia saw lackluster employment growth take hold. This tepid growth continued in 2021 as Virginia's competitor states sped towards recovery, with many exceeding pre-COVID employment levels by the end of 2021. While Virginia remains below pre-pandemic employment levels, the state has seen a notable inflection in 2022.

<sup>9</sup> Census Bureau, American Community Survey, 2021 one-year sample; high-income individuals are defined as those earning more than \$150,000 annually

**Virginia’s modest COVID employment loss has led to slower recovery compared to peer states, but the Commonwealth has seen an uptick in 2022.**

**Figure 5: Virginia employment compared to competitor states**

Employment level, Feb '20–Nov '22, seasonally adjusted, indexed to Feb '20 levels<sup>10</sup>



**Hitting the accelerator: Administration achievements to date.**

One year ago, facing unprecedented challenges, this Administration delivered a clear message: Virginia is open for business. Since then, Virginia has realized gains from post-pandemic opportunities, with major global corporations choosing to make Virginia their home. Since January 2022, the LEGO Group, Raytheon, Boeing, Rocket Lab, and Plenty Unlimited have located in Virginia, collectively creating more than 2,000 jobs. This Administration has also announced expansions for existing Virginia companies such as Thermo Fisher Scientific, Hilton, Coronado Global Resources, AeroFarms, and DroneUp.

The Commonwealth has already undertaken efforts to push Virginia into high gear, making considerable progress toward employing Virginians. As of November 2022, the number of employed residents has risen by more than 85,000 compared to January 2022 employment levels. Virginia’s labor force participation rate has also begun to rebound, increasing by 0.7 percentage points since January. Meanwhile, the number of unemployed Virginians and the state’s unemployment rate have fallen to below pre-COVID levels. Virginia is turning the corner, and this Administration is hitting the accelerator to drive the Commonwealth’s future growth.

<sup>10</sup> Local Area Unemployment Statistics, Bureau of Labor Statistics

**Virginia is turning the corner. Since January 2022, the Commonwealth has made noteworthy progress across key economic indicators.**

**Figure 6: Key economic indicators since Youngkin inauguration**  
January 2022–November 2022<sup>11</sup>

State	Virginia	Texas	Florida	North Carolina	South Carolina	Tennessee	Georgia
Nonfarm payroll job change* (% change)	<b>101,500 (+2.5%)</b>	566,600 (+4.3%)	386,400 (+4.2%)	172,500 (+3.7%)	67,700 (+3.1%)	95,100 (+3.0%)	133,900 (+2.8%)
Employment change** (% change)	<b>85,247 (+2.1%)</b>	369,996 (+2.7%)	391,309 (+3.9%)	115,835 (+2.4%)	10,301 (+0.4%)	-2,009 (-0.1%)	58,792 (+1.2%)
Labor force change (% change)	<b>69,703 (+1.6%)</b>	260,889 (+1.8%)	307,789 (+2.9%)	118,943 (+2.4%)	6,212 (+0.3%)	-415 (0.0%)	46,502 (+0.9%)
Labor force participation rate (change)	<b>63.6 (+0.7)</b>	63.5 (+0.2)	59.5 (+0.9)	60.4 (+0.7)	56.4 (-0.7)	59.6 (-0.7)	61.7 (-0.1)
Unemployment rate (change)	<b>2.8 (-0.5)</b>	4.0 (-0.8)	2.6 (-0.9)	3.9 (0.0)	3.3 (-0.2)	3.5 (0.0)	3.0 (-0.2)

With job openings in Virginia remaining above 300,000 since the beginning of 2022 – a historic level – labor shortages play a significant role in limiting employment growth. This unprecedented level of job openings also presents a historic opportunity to get Virginians back to work and attract talented new workers to the Commonwealth.



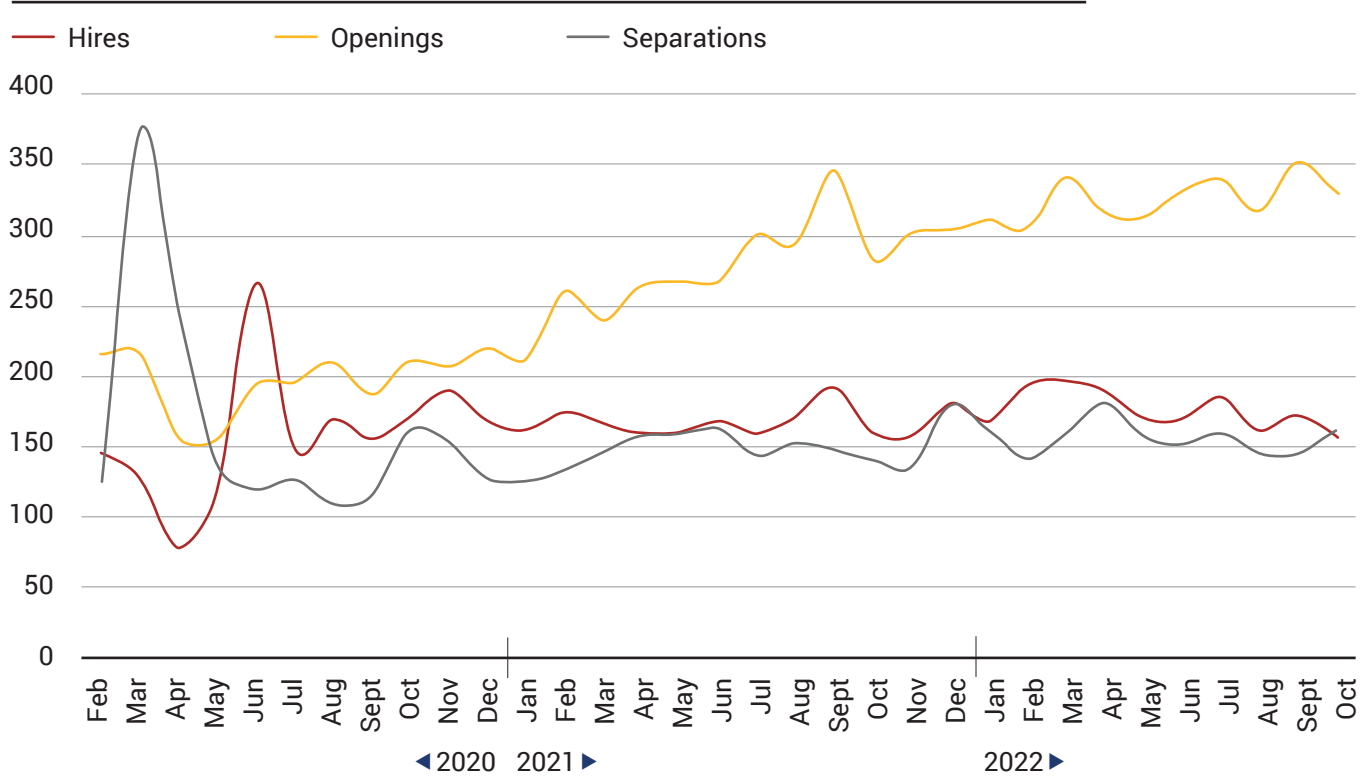
<sup>11</sup> Bureau of Labor Statistics, Current Employment Statistics; Bureau of Labor Statistics, Local Area Unemployment Statistics (seasonally adjusted); VEDP calculations

\* The Current Employment Statistics (CES) program produces detailed monthly industry estimates of nonfarm employment, hours, and earnings of workers based on payroll records of business establishments.

\*\*The Local Area Unemployment Statistics (LAUS) program produces monthly and annual employment, unemployment, and labor force data for Census regions and divisions, states, counties, metropolitan areas, and many cities, by place of residence based on a household survey.

**Job openings in Virginia have continued to rise over the course of 2021 and 2022, presenting unprecedented employment opportunities.**

**Figure 7: Monthly hires, openings, and separations in Virginia<sup>12</sup>**  
 Thousands of hires, openings, and separations, Feb 2020–Oct 2022, seasonally adjusted



This Administration is prepared to build on its early achievements and take on lingering challenges to elevate Virginia’s economy to new heights. Strategic investments across this plan’s six focus areas will yield customized business solutions critical to attracting investment and employment to the state.



<sup>12</sup> Job Openings and Labor Turnover Survey, Bureau of Labor Statistics (December 2022)

# Refine Industry Segmentation

---

# Refine Industry Segmentation

**Elevate industries where Virginia has competitive advantages and establish strategic segments for key sectors to generate growth for rural and urban Virginia, leverage all of government plus enablers to capture growth in industries where Virginia is strongly positioned to win and enhance Virginia's competitiveness for high-growth industries.**

## Situation

Virginia's world-class talent pool and geographic and demographic diversity position the Commonwealth to compete for economic development projects across a range of industries. Virginia has established itself as the nation's data center leader and is well-known for its success in information technology, food and beverage processing, and the defense sectors. Recognizing the state's many competitive advantages, the Virginia Economic Development Partnership (VEDP), along with a host of state, regional, and local partners, works to attract investment to the Commonwealth through strategically identified traded sector industries such as life sciences, aerospace, cybersecurity, controlled environment agriculture, and offshore wind, among others.

In addition to traded sector industries, the Commonwealth recognizes the essential nature of hospitality and tourism, agriculture, and forestry and has state agencies dedicated to cultivating these industries. From the Blue Ridge Mountains to the shores of the Atlantic Ocean, Virginia is home to internationally recognized tourism offerings, with the industry generating \$25 billion in visitor spending and supporting 185,000 jobs across the Commonwealth in 2021.<sup>13</sup> Tourism's strong presence in the Commonwealth not only represents a robust industry but can serve as a catalyst for economic development to attract talent and enhance quality of life. Further, agriculture and forestry collectively represent the largest industry sector in the Commonwealth, contributing over \$100 billion to Virginia's economy in 2021.<sup>14</sup>



<sup>13</sup> Tourism Economics, Economic Impact of Visitors in Virginia 2021 (August 2022)

<sup>14</sup> Virginia Department of Agriculture and Consumer Services (December 2021)

**Virginia currently pursues a broad set of target industries in the traded sector, presenting opportunities for more focused industry growth strategies.**

**Figure 8: Virginia’s target industry groups by primary category<sup>15</sup>**



**Challenges**

While Virginia has a unique ability to compete across a variety of sectors, the state’s current target industry list is expansive, spreading resources thinly across a broad range of industries. This presents an opportunity to further refine the Commonwealth’s approach to industry segmentation and promote the effective allocation of economic development resources to generate greater economic growth in a subset of focused industries. Virginia faces intense competition from other states and a rapidly evolving economic landscape, reinforcing the importance of focusing on a set of strategically chosen sectors to capture and sustain growth for the Commonwealth.

Competitor states have captured the benefits of laser-focused industry recruitment, securing transformational projects after years, often decades, of significant investments. For example, Tennessee has prioritized recruitment of the automotive industry since its first major original equipment manufacturer (OEM) project win in 1983, when it secured an investment from Nissan. This industry focus has positioned the state to capture growth in electric vehicle manufacturing, such as Ford’s 2021 announcement of a \$5.6 billion electric truck assembly and electric vehicle battery plant near Memphis, employing 5,700 people. North Carolina,

<sup>15</sup> Virginia Economic Development Partnership (November 2022)



widely known for its Research Triangle, has experienced significant economic gains from enhanced focus and investment in the life sciences and has established itself as a global leader in that crucial space. Virginia needs to refine its industry strategy to advance its competitive position among peer states on key projects.

### Progress

This Administration has already played a key role in enhancing Virginia's approach to target industry attraction. With the passage of the federal CHIPS Act, Virginia deployed a capture team to pursue projects in the semiconductor industry. Stakeholders across Virginia, including industry leaders such as Micron Technology, Inc. and staff from Virginia's leading universities for semiconductor research, have been collaborating to support this tremendous opportunity to pursue historic employment and investment levels for the Commonwealth. Additionally, Virginia has gained momentum in the Controlled Environment Agriculture (CEA) space, securing project wins from leading CEA firms such as California-based Plenty Unlimited, Inc, a project that will generate more than 300 new jobs through a \$300 million investment to build the world's largest indoor vertical farming campus in Chesterfield County. Further, the Administration's support of expanded funding for megasite development will enhance Virginia's competitiveness for high-growth industries that require large, prepared sites, such as semiconductors, electric vehicles, and other advanced manufacturers.

### Solution

Building on this progress, the Commonwealth will capture incremental economic growth in targeted industries through the following initiatives:

- Segment key industries into five strategically defined categories based on Virginia's unique competitive advantages:
  - **Defend and extend our ground:** Sectors with established competitive position and significant employment to protect and expand
  - **Invest to win:** Sectors where traditional economic development tactics supported by additional investments (e.g. capital and infrastructure improvements) could "bend the curve" to accelerate additional job creation
  - **Game changers:** Potential large-scale but higher-risk plays with transformational potential, typically involving major sites and incentives, or innovative ecosystem investments
  - **Seize opportunities:** Sectors with probability of cumulative employment growth through a series of smaller "wins"
  - **Nurture the niches:** Sectors with low projected employment but with potential strategic relevance to the Commonwealth's regional impact, talent ecosystem, branding, and long-term growth
- Identify and pursue high-growth industries based on the size of the potential economic growth opportunity and Virginia's unique competitive advantages
- Develop go-to-market strategies through a coordinated approach, leveraging global best practices for economic development to generate custom business solutions for companies in key sectors
- Position Virginia to capture long-term economic growth in key industries through structural changes to fundamental aspects of business attraction, including quality of life, education and workforce, cost of living, and cost of doing business
- Allocate significant resources to capture outsized economic growth and cultivate an ecosystem for each focus sector

To maximize the results of this new strategy for sector segmentation and its execution, the Commonwealth

will engage in a whole-of-government approach, creating target industry ecosystems and deploying cross-secretariat capture teams to bring economic growth to Virginia. The state will continue to recruit firms from growing industries that align with Virginia's value proposition, maintain industry support for sectors that are integral to Virginia's economy, and identify strategic opportunities to enhance Virginia's competitiveness for new, high-growth industries. Virginia's all-of-government competitive approach features three phases:

- 1. Leverage strategic assets:** Identify and build on Virginia's competitive assets that provide an advantage in specific industries where Virginia is positioned to win
- 2. Build a customized ecosystem:** Make transformational investments in areas of deficiencies to enhance Virginia's competitiveness and provide a climate for target industries to thrive; deploy an all-of-government approach to deliver streamlined business solutions
- 3. Execute and compete to win:** Deliver customized business solutions to target companies, designed to address key location decision factors for specific industries

### Impact

This refined industry approach will result in increased jobs and investment in Virginia, a greater presence of businesses that are well-positioned for long-term growth, higher rates of talented workers moving to Virginia to work for these high-growth firms, and significant indirect and induced economic impacts as suppliers, customers, and local businesses grow to support newly located or expanded businesses and a growing workforce.



Capital One, Richmond

# Competing to Win: A LEGO Case Study

---

# Competing to Win: A LEGO Case Study

**Virginia leveraged an all-of-government approach, combining infrastructure, workforce, and sustainability advantages to secure a \$1 billion investment from an iconic global brand, capturing more than 1,700 jobs for the Commonwealth.**

For 90 years, the LEGO Group's signature plastic bricks have helped children and families fulfill the mission implicit in its name, an abbreviation of the Danish phrase *leg godt*, meaning "play well." The company is one of the world's largest toy manufacturers and a beloved global icon whose reach also spans theme parks, video games, films, clothing, and more.

To address growth demands in North America, the LEGO Group conducted a competitive, multistate site location search to establish a new, environmentally sustainable manufacturing facility in the United States. The company ultimately chose Chesterfield County's Meadowville Technology Park outside Richmond for a \$1 billion, 1.7-million-sq.-ft. manufacturing facility that will create 1,760 new jobs.

The LEGO Group's plant in Virginia will be its seventh manufacturing facility, and the only one in the United States. The new facility will expand the company's global manufacturing network, shorten its supply chain, and support long-term growth in the Western Hemisphere, which previously had been primarily supplied by its plant in Mexico. LEGO Group projects production at the Chesterfield facility to begin in the second half of 2025.

The Virginia solution for the LEGO Group focused on an attractive, pad-ready site covering 340 acres near a thriving metro area, comprehensive workforce solutions, a competitive state and community incentive package, and a commitment to renewable energy. Niels B. Christiansen, the company's CEO, also cited "easy links to country-wide transportation

networks," with the Chesterfield site offering convenient access to nearby Interstates 85 and 95, along with The Port of Virginia's Richmond Marine Terminal and its larger coastal facilities in the Hampton Roads region. Chesterfield County also will provide a temporary building to accommodate packing and training operations while the new facility is under construction. Speed to market is paramount, and Virginia checked all the boxes.

The Chesterfield plant will be designed to be carbon-neutral, with 100% of day-to-day energy needs matched by renewable energy generated by an on-site solar park. The facility will also minimize energy consumption and the use of non-renewable resources.

The Virginia Talent Accelerator Program began working with the LEGO Group as soon as the firm selected the Chesterfield County site. This program is a workforce initiative created by the Virginia Economic Development Partnership in collaboration with the Virginia Community College System and other higher education partners that accelerates new facility startups through the direct delivery of recruitment and training services that are fully customized to a company's unique products, processes, equipment, standards, and culture.

The Virginia Talent Accelerator Program services for the LEGO Group included a customized recruitment website that went live with the project announcement and drew more than 3,000 job candidates within 36 hours. Brightpoint Community College and the Community College Workforce Alliance will support the project and the company's long-term needs with customized recruitment and training services.

This historic project win represents Virginia's remarkable ability to leverage the state's key assets and deploy an all-of-government customized solution to attract a major investment.

# Unleash A Talented Workforce

---

# Unleash A Talented Workforce

**Grow Virginia's workforce, improve connections between talent and businesses, and prepare Virginians to acquire in-demand, marketable skills.**

## **Situation**

In today's economy, demand for talent dramatically exceeds supply, making a robust workforce one of the top criteria for companies when deciding where to locate. With a highly educated population, a robust concentration of tech talent, one of the nation's largest veteran populations, and highly ranked talent solutions programs, Virginia's workforce advantages are well-known to businesses. Virginia has the nation's sixth most educated population, with nearly 40% holding a bachelor's degree or higher. On average, more than 10,000 highly skilled service members stationed in Virginia transition into the workforce each year. Further, leading business publications such as Business Facilities and Area Development have recognized the Virginia Talent Accelerator Program as the second-ranked workforce program in the United States. This program has been vital to delivering significant project wins for Virginia since launching just three years ago.

## **Challenges**

Yet on the heels of the COVID-19 pandemic, Virginia faces unique workforce challenges. The Commonwealth's labor force participation rate reached its lowest point in nearly 50 years, with only 62.6% of Virginia's working-age population employed or looking for work in December 2021, and has still not recovered to pre-pandemic levels. The Commonwealth has underperformed the nation in employment recovery since the onset of the pandemic, ranking behind more than 40 states.<sup>16</sup>

In addition to labor force participation, the Commonwealth faces headwinds in attracting and retaining talent. Between 2013 and 2021, Virginia lost more than 100,000 residents to other states on a net basis, while many competitor states experienced net migration gains during the same period.



O'Sullivan Films, Inc., Frederick County

<sup>16</sup> Local Area Unemployment Statistics, Bureau of Labor Statistics

**Virginia has attracted fewer movers than competitor states since 2014.**

**Figure 9: Net Domestic Migration, Virginia Compared to Peer States**  
2014–2021<sup>17</sup>

State	2014–2021 net in-migration	State rank*	2021 net in-migration	State rank*
South Carolina	411,940	2	64,833	4
Florida	1,388,975	5	220,890	7
Tennessee	310,251	12	61,390	10
North Carolina	516,392	10	88,673	11
Texas	1,076,451	13	170,307	16
Georgia	315,830	16	50,632	18
<b>Virginia</b>	<b>-115,329</b>	<b>31</b>	<b>-8,995</b>	<b>36</b>



Volkswagen Group of America, Inc., Fairfax County

<sup>17</sup> Census Bureau, Population Estimates Program

\* State rank based on domestic net migration as percent of total state population

**Virginia’s fragmented workforce development environment spans multiple state agencies and secretariats, but this Administration is committed to streamlining these efforts.**

**Figure 10: Virginia’s current workforce development landscape<sup>18</sup>**



**Progress**

Despite these challenges, Virginia has experienced success over the past year. Virginia is restructuring the way that government delivers workforce support. This Administration has begun to address these challenges by prioritizing workforce growth, improving connections between talent and businesses, and giving Virginians the skills to meet employers’ needs. The Secretary of Labor is leading an effort to strengthen Virginia’s workforce development landscape through enhanced coordination across the Commonwealth, addressing the fragmented structure of Virginia’s workforce programs that currently spans multiple state agencies and secretariats. In addition, with a historic level of job openings in Virginia, this Administration will continue to expand work-based learning programs such as internships and apprenticeships to promote career readiness among Virginia’s high school and college graduates. Creating opportunities for Virginia high schoolers to graduate with a credential that aligns with the needs of businesses will differentiate Virginia’s workforce and educational systems from its competitors.

Virginia has achieved significant job growth with major employers choosing to make Virginia their home, yielding thousands of high-quality new jobs for the Commonwealth. Over 85,000 more Virginians are working today compared to January 2022. The Commonwealth’s labor force participation rate has seen an uptick in

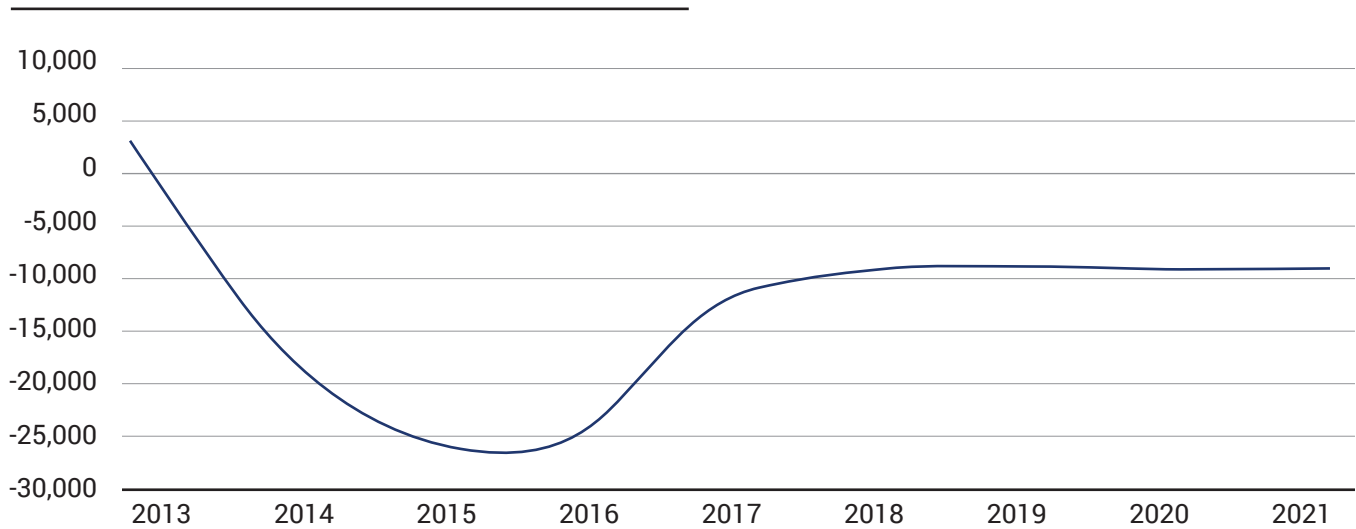
<sup>18</sup> Secretary of Labor Presentation to Senate Finance Committee, November 18, 2022



the same period, currently standing at 63.6%<sup>19</sup>, well above the January 2022 rate of 62.9%. Further, Virginia's unemployment rate has fallen half a percentage point to 2.86%, compared to the January 2022 rate of 3.3%. Finally, while Virginia's out-migration trend is concerning, rates of out-migration have diminished since 2015. The Administration has also transformed operations at the Virginia Employment Commission to complete nearly 900,000 backlog claims, reducing the backlog by 87%. Virginia must continue its efforts to promote a more effective, efficient government.

### Despite a trend of losing people to other states, Virginia's loss of residents has begun to stabilize.

**Figure 11: Net domestic migration in Virginia since 2013**  
2013–2021<sup>20</sup>



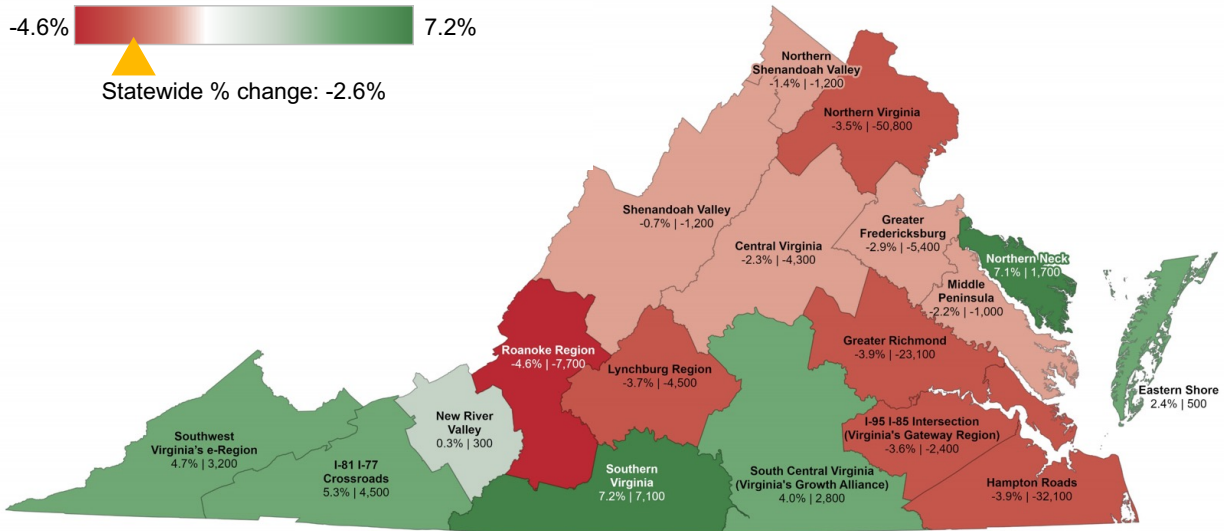
Although Virginia has faced labor-related challenges, rural Virginia has led the Commonwealth's employment recovery, with current employment exceeding pre-pandemic levels from February 2020 in most of the state's predominantly rural regions. However, over the long term, job growth in rural Virginia is expected to lag that of urban and mixed regions, highlighting the need for tailored policies to address the specific needs of rural and metro areas. In addition to securing major employment wins, Virginia has further bolstered its workforce development infrastructure through the opening of the Center for Manufacturing Advancement at the Institute for Advanced Learning and Research (IALR) campus in Danville. Finally, this Administration has established a task force to increase Virginia's labor force participation rate and get Virginians from all regions back to work.

<sup>19</sup> Federal Reserve Bank of St. Louis (November 2022)

<sup>20</sup> Census Bureau, Population Estimates Program

**Virginia has seen the progressive recovery of jobs lost, with several regions reaching pre-pandemic employment levels.**

**Figure 12: Regional employment recovery in Virginia**  
February 2020–October 2022<sup>21</sup>



**Solution**

In addition to continuing the collaborative approach to provide custom business solutions for target companies, the Administration will get Virginians back to work and attract top talent by taking these bold actions:

- Consolidate Virginia’s numerous workforce development programs into a single, centralized state agency to promote collaboration and regional flexibility, improve job placement performance tracking, enhance access to workforce information and program access for job seekers, and better meet the needs of businesses
- Deploy accelerator programs to provide opportunities for every Virginia high schooler to graduate with a credential or associate degree, promoting college and career readiness among high school students
- Accelerate career-ready workforce programs, including community college/K-12 partnerships, expanded work-based learning opportunities such as internship and apprenticeship programs, accelerated credentialing, and career navigation resources
- Retain transitioning veterans in Virginia by reducing or eliminating income tax on military retirement pay and creating tailored workforce and job-matching programs
- Invest in quality-of-life amenities and tourism assets such as outdoor recreation offerings, arts and culture venues, vibrant downtowns, and transportation infrastructure to attract and retain young talent to backfill workers lost through a surge in retirements
- Develop strategies for rural development including additional dedicated resources to secure more economic development wins and drive employment growth in rural Virginia

<sup>21</sup> Bureau of Labor Statistics, Local Area Unemployment Statistics

## Impact

Through these efforts, Virginia will uniquely position itself to attract top employers by having the skilled workforce they require. These changes will maximize the efficiency and effectiveness of our workforce programs to get Virginians working again and prepare students for career success. Investments in career pathways will enable more high school students to earn credentials that align with workforce demands. Finally, Virginia will measure workforce development outcomes not by how many people are trained, but by how many people obtain jobs.



# Accelerate Site & Infrastructure Development

---

# Accelerate Site & Infrastructure Development

**Prepare sites, utilities, and roadways to meet market demand, streamline Virginia's permitting processes to increase speed to market, and proactively invest in the necessary infrastructure to support growth.**

To support the recruitment of high-growth industries and enhance Virginia's ability to win, the Commonwealth requires strategic investments in project-ready infrastructure related to site development, transportation, energy, and broadband. Speed to market is an increasingly crucial factor in site selection decisions for economic development projects, and strategic infrastructure investments are vital to eliminating uncertainty for prospective businesses. A strong infrastructure network is critical to enhancing Virginia's ability to compete with peer states that have been out-investing the Commonwealth for many years.

## Site Development

### Situation

When considering where to locate, businesses often identify a desired region and contact each state to request a list of real estate options that meet their needs. Virginia's Mid-Atlantic location and deep talent pool attract companies from around the world and across industries. Still, without real estate options that meet the specific needs of business, Virginia finds itself trailing competitors. This is particularly true for transformational manufacturing projects, such as electric vehicles and semiconductors, where attractive prepared real estate options are a minimum expectation. The increasing speed of business is driving intensified demand for prepared real estate, particularly sites of 250 acres or larger, that can be ready for facility construction within 12 to 18 months. In addition to prepared sites, major projects with significant employment levels require that housing is planned or in place to support the growth of the local workforce.

### Challenges

In response to the increasingly rapid pace of business, key competitor states such as North Carolina and Georgia have been investing in prepared real estate for years, resulting in transformational project wins and leaving Virginia behind. Virginia's slow speed to market is exacerbated by lengthy, opaque permitting processes and other regulatory challenges that diminish Virginia's ability to compete for economic development projects where speed and certainty are critical.

Since 2016, a lack of project-ready sites has led to an opportunity cost to Virginia of more than 55,000 jobs and \$124 billion in capital investment through lost economic development projects. In the spring of 2022, Virginia was a finalist location for South Korea-based Hyundai Motors' electric vehicle and battery manufacturing plant. Hyundai chose Georgia as the home for this historic manufacturing facility, citing site readiness, access to workforce, and proximity to the Savannah metro area as key differentiating factors. In partnership with a regional development authority, the state of Georgia acquired the nearly 3,000-acre site selected by Hyundai for \$61 million before securing the project. Owning the site allowed the state to expedite the preparation of the site for a major project. Regarded as the largest economic development project win in Georgia's history, Hyundai's investment represents a missed opportunity to capture \$5.5 billion in capital investment and 8,100 new jobs for the Commonwealth.

Additionally, Virginia competed for Intel’s \$20 billion investment to establish a new semiconductor manufacturing presence in the United States. A 3,000-job project, Intel’s landmark investment required a shovel-ready site of more than 1,000 acres to support two semiconductor fabrication facilities. Intel selected Ohio for this project, citing site size and readiness, state commitment to major infrastructure investments, proximity to a metro area, and university partnerships as decision factors. These are but two of the many recent examples that underscore the urgent need for investments in site development to enhance Virginia’s competitiveness for transformational economic development projects.

## Virginia’s lack of project-ready sites has led to massive missed opportunities for the Commonwealth.

**Figure 13: Total jobs and capital investment related to projects for which Virginia was not selected where the company cited site readiness as a contributing factor<sup>22</sup>**



### Progress

In recent years, the Commonwealth has gathered significant intelligence on market demand for real estate and the development potential of economic development sites in the state. Virginia has also identified peer-state best practices for site development that have contributed to transformational project wins. This Administration oversaw a significant expansion of funding for site development through the Virginia Business Ready Sites Program (VBRSP) from \$5 million to \$159 million, a critical step to enhancing Virginia’s competitive position. However, the state must sustain this increased funding level to enable Virginia to catch competitor states that have been aggressively investing in site development for years. This Administration also announced \$10.6 million in Abandoned Mine Land Economic Revitalization (AMLER) program grants to repurpose abandoned mine land for economic development in Southwest Virginia. In addition, the Administration has announced numerous GO Virginia grant awards to enhance site readiness in the Commonwealth. These investments demonstrate Virginia’s commitment to building a strong inventory of development sites to provide Virginia with the tools to win. Finally, a comprehensive regulatory modernization effort is underway through the newly established Office of Regulatory Management to streamline and increase the transparency of Virginia’s regulatory and permitting processes. Collectively, these efforts are already accelerating Virginia’s competitiveness in site development.

<sup>22</sup> Virginia Economic Development Partnership analysis, November 2022

## **Solution**

Building on this progress, this Administration will undertake the following initiatives to shift Virginia into high gear and establish the Commonwealth as the nation's unrivaled leader in site development:

- Make transformational investments in site development funding through the Virginia Business Ready Sites Program and a state-led site development fund to identify and prepare large sites to compete for high-impact economic development projects
- Leverage all-of-government to holistically prepare sites and promote speed-to-market by developing housing plans to support major economic development projects, providing adequate transportation access, including rail and road, and reducing barriers to utility extensions
- Continue to streamline Virginia's regulatory and permitting processes through expanded transparency and efficiency and apply this model to other aspects of government regulation

## **Impact**

These initiatives, combined with other efforts already in progress, will give Virginia the prepared sites to meet industry demands and compete with peer states to win transformational economic development projects. Collectively, these solutions will address a longstanding lack of large, project-ready sites, enhancing the state's competitiveness.

## **Transportation**

### **Situation**

Transportation infrastructure is integral to economic development, promoting the mobility of goods and services and linking businesses to the domestic and global markets. Home to Wallops Island, one of only four rocket launch locations licensed by the Federal Aviation Administration for launch into orbit in the United States, Virginia offers a portfolio of unrivaled transportation assets. Many site selectors have recognized the Commonwealth's transportation system as a key asset for the state. Virginia's world-class port infrastructure, nine airports with scheduled commercial flight service, and strategic mid-Atlantic location at the intersection of major interstates provide a foundation for a competitive business environment. One of the nation's leading ports, The Port of Virginia, is a key advantage for the Commonwealth, creating more than \$47 billion in Gross State Product within Virginia's borders<sup>23</sup> and uniquely positioning Virginia to capture growth in key industries such as offshore wind.

### **Challenges**

Despite these extensive assets, Virginia's transportation infrastructure funding system relies on a reactive approach, limiting Virginia's ability to support future economic growth and deliver speed-to-market for economic development projects. Traffic congestion and limited nonstop air service to communities outside of Northern Virginia also present challenges to moving people and goods efficiently throughout Virginia and beyond its borders.

### **Progress**

Since the start of this Administration, Virginia has achieved transportation infrastructure wins in many areas, including the expansion of express lanes on Interstates 495 and 66, a significant expansion of passenger rail service, the widening and deepening of channels at The Port of Virginia, and the addition of air service routes

---

<sup>23</sup> The Fiscal Year 2021 Virginia Economic Impacts of The Port of Virginia (January 2022)

connecting Virginia to new domestic and international markets, including Berlin, Phoenix, and Nashville. In addition, Rocket Lab, a global leader in launch services and space systems, selected Wallops Island on the Eastern Shore as the location for its launch site and extensive manufacturing and operations facilities for its Neutron rocket, creating 250 jobs. Finally, in November 2022, the Washington Metro extended Metrorail service to Washington Dulles International Airport. This long-awaited announcement provides seamless connectivity from the airport to the Northern Virginia metro area and the nation's capital.

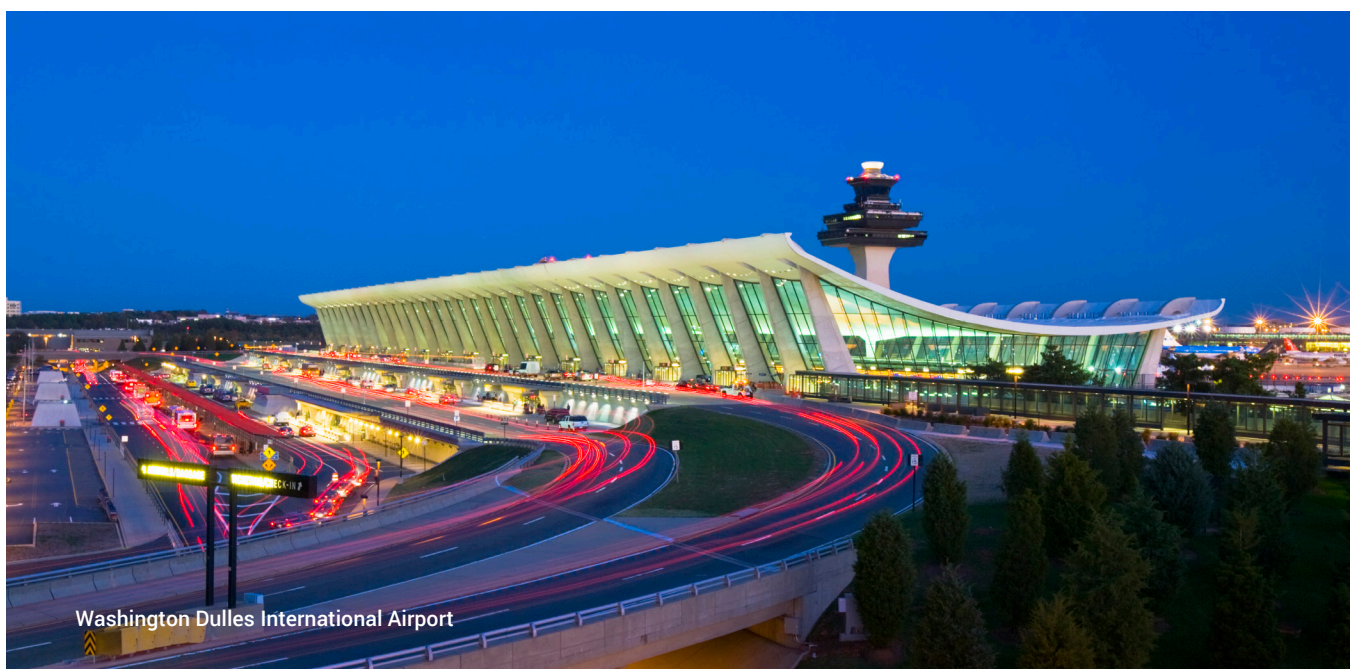
### **Solution**

Despite this progress, Virginia can continue to grow in key areas of transportation infrastructure through the following initiatives:

- Create a new fund to accelerate delivery of infrastructure projects to support economic development
- Explore alternative project delivery mechanisms to expedite improvements on I-81
- Leverage Virginia's world-class port infrastructure, access to global markets, and supply chain connectivity to attract businesses to the Commonwealth
- Continue to explore the feasibility of additional inland ports
- Enhance funding for the New Air Service Incentive Fund to expand air transportation options in Virginia through the attraction of new carriers and routes
- Prepare infrastructure at Wallops Island, including road, power, broadband, and natural gas to generate growth in space-related industries

### **Impact**

Targeted transportation infrastructure investments will equip Virginia with the tools to respond rapidly to economic development projects, ease congestion, reduce commute times, and increase safety. Addressing these issues will attract more businesses to Virginia by unlocking new metro areas, expanding workforce access, and reducing transportation-related costs of doing business.





## Energy

### Situation

Energy infrastructure is a critical component of economic development, providing essential power services to businesses in the Commonwealth. Energy also presents vast opportunities to capture economic growth through the cultivation of emerging industries to support a variety of generation sources such as offshore wind and hydrogen. Virginia has seen such benefits from its investment in offshore wind off the Virginia Beach coast, landing projects including Siemens Gamesa Renewable Energy's first offshore wind turbine blade facility in Portsmouth and wind turbine fastener manufacturer Rose Holm's first U.S. factory in Henrico County. Virginia is home to leading regulated utilities that offer competitive rates and support economic development objectives. In recent years, the Commonwealth has emerged as a leader in renewable energy production, notably offshore wind power. Major economic development projects are increasingly prioritizing sustainability as a location factor, and Virginia's renewable energy infrastructure has been key in delivering significant project wins. As the Commonwealth grows its population and economy, its energy needs will also evolve. To support growth across Virginia, the Commonwealth needs to provide reliable infrastructure to meet the future power generation needs of businesses and citizens.

### Challenges

Despite Virginia's progress in the renewable energy space, the Commonwealth's current energy mandates present risks related to power affordability and reliability and create a reliance on imported power from other states. Virginia's complex regulatory processes also present challenges to the timely, cost-effective development of power and natural gas infrastructure, hindering proactive growth opportunities to support economic development.

### Progress

This Administration has already taken steps to drive Virginia's responsible energy future. Executive Order Nine was issued to reevaluate Virginia's participation in the Regional Greenhouse Gas Initiative and protect the Commonwealth's ratepayers from increasingly volatile energy costs. In October 2022, the Administration released the Virginia Energy Plan, charting a bold roadmap for energy policy in the Commonwealth. The Virginia Energy Plan highlights the five guiding principles of Virginia's energy: reliability, affordability, innovation, competition, and environmental stewardship. Following the release of the Virginia Energy Plan, Governor Youngkin called for the creation of the Power Innovation Fund, a proposed program to develop a Virginia Nuclear Innovation Hub and support research and development of hydrogen, carbon capture and utilization, and battery storage power sources.



**Reliability, affordability, innovation, competition, and environmental stewardship will guide Virginia’s energy future.**

**Figure 14: Five guiding principles of Virginia’s energy future<sup>24</sup>**



**Solution**

In alignment with the Virginia Energy Plan’s vision to develop a sensible, all-of-the-above energy policy for the Commonwealth – with a focus on job creation, economic growth, quality of life improvements, and lowering the cost of living and doing business – Virginia will execute the following initiatives:

- Promote innovation, reliability, affordability, and competition within Virginia’s energy economy and cultivate each generation source in an environmentally responsible manner
- Leverage the proposed Virginia Power Innovation Fund to support research and development of innovative energy technologies, including the creation of the Virginia Nuclear Innovation Hub to spur advancements in nuclear technologies and establish a small modular reactor in Southwest Virginia
- Leverage Virginia’s competitive advantages to establish the Commonwealth as a global leader in offshore wind supply chain development
- Establish safeguards to promote energy affordability for Virginians
- Promote renewable energy infrastructure to accommodate major economic development projects

<sup>24</sup> Virginia Energy Plan, October 2022

## Impact

An all-of-the-above energy approach will provide flexibility for the Commonwealth to cultivate a variety of energy generation sources. This flexibility will be critical to addressing the evolving energy needs of existing and prospective businesses. Additionally, exploring all energy generation options will allow the Commonwealth to capture economic growth through innovation and the development of industries to support emerging energy sectors. As a result, these efforts will position the Commonwealth to provide clean, affordable, reliable energy for Virginians and businesses.

## Broadband

### Situation

Access to affordable broadband is critical to attracting and retaining talent and businesses in today's digital economy. Virginia's extensive efforts in broadband expansion have established the Commonwealth as a leader in delivering high-speed internet to its residents. Through Virginia's largest broadband expansion program, the Virginia Telecommunication Initiative (VATI), over 358,000 locations will have broadband access through nearly \$800 million in state investments once all projects are complete. These investments have leveraged an additional \$1.1 billion in matching funds from local governments and internet service providers. The VATI program continues to help 75 Virginia counties and cities work towards achieving universal broadband access, funding more than 40 broadband expansion projects since 2021.

**The Commonwealth's recent investments in broadband have cemented its status as a national leader in high-speed internet expansion.**

**Figure 15: Map of VATI-funded projects**

Since January 2021<sup>25</sup>



<sup>25</sup> Virginia Department of Housing and Community Development, VATI Dashboard (October 2022); VATI projects under contract are shaded in color, while projects not yet under contract are shaded in gray.

## Challenges

While Virginia has established itself as a national leader in broadband expansion efforts, the Commonwealth continues to face challenges to providing universal high-speed internet access. More than 210,000 unserved locations do not yet have a funded solution to expand broadband infrastructure. Further, a shortage of workers and constraints on supplies needed to deploy broadband infrastructure threatens to dampen Virginia's momentum toward achieving universal broadband access.

## Progress

In 2022, Virginia's Office of Broadband launched Commonwealth Connection, a new statewide digital map of broadband connectivity to provide transparency and accountability for Virginia's efforts to expand broadband. In addition, GO Virginia grant awards have supported broadband infrastructure and related workforce development efforts. This Administration is committed to expanding affordable, reliable high-speed internet access to every Virginian. As a result, the Commonwealth updated its definition of "unserved" broadband locations to areas lacking 100/20 Mbps internet speeds, raising the standard for internet quality and speed in Virginia.

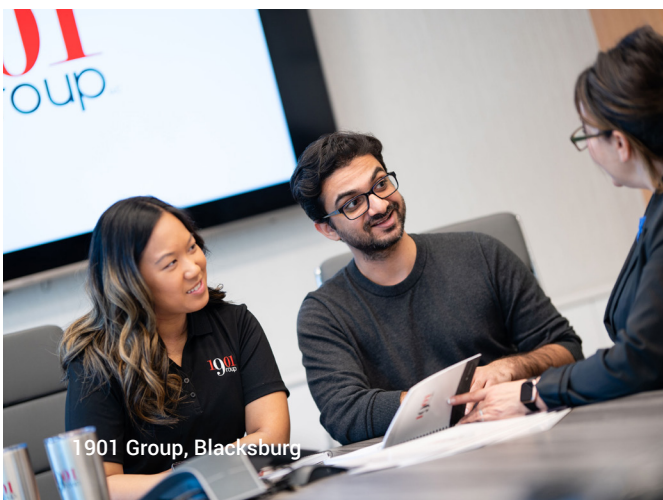
## Solution

Building on these efforts, Virginia will pursue the following initiatives to connect its citizens to the digital economy:

- Leverage public-private partnerships and federal resources to expand broadband infrastructure, allowing all residents of the Commonwealth to participate in the digital economy and providing business-grade internet for economic development project readiness
- Utilize the Broadband Equity, Access, and Deployment (BEAD) program and other federal funding to close the state's digital divide by achieving universal broadband access and begin to address barriers to broadband affordability and adoption
- Continue to support the Virginia Telecommunication Initiative (VATI) and support broadband workforce training programs to ease labor shortages that might hinder broadband expansion in Virginia

## Impact

Closing the digital divide will provide all Virginians with access to critical economic resources and services to participate in the digital economy. Increased broadband access will enhance the attractiveness of rural communities for workers and businesses alike, supporting growth in rural economies and reducing population decline.



1901 Group, Blacksburg



WillowTree, Albemarle County

# Make Virginia More Affordable

---

# Make Virginia More Affordable

## Address housing supply shortages, energy costs, and individual taxes to reduce the cost of living in Virginia.

### Situation

This Administration prioritizes making Virginia a more affordable place to live. In an increasingly competitive economic development environment, attracting and retaining talent is vital to Virginia's ability to win economic development projects and grow employment. The Commonwealth is not only competing for investment from economic development projects; Virginia is also vying for talent. Housing and cost of living are two critical factors for driving population growth and maintaining a robust workforce. With Virginia facing a trend of domestic out-migration since 2014, the state requires cost of living improvements to attract and retain talent.

Virginia's rich history and high quality of life make it an exceptional place to live. With geographic diversity and unparalleled natural beauty, Virginia provides access to a variety of outdoor amenities in rural areas, picturesque small towns, and thriving urban centers. Virginians also enjoy cost advantages with a competitive sales tax rate and modest excise taxes.<sup>26</sup> In addition, outside of the Northern Virginia region, many communities across the Commonwealth offer a competitive cost of living with affordable housing prices and reasonable commute times.

### Challenges

Despite the advantages Virginians enjoy, the cost of living has steadily increased in the Commonwealth, primarily driven by increased housing costs. Since 2008, housing production in the Commonwealth has lagged overall population growth, intensifying demand for housing in Virginia, particularly in metro areas in the Urban Crescent. While about 30,000 houses are built in the Commonwealth each year, housing production stands at roughly half its 2004 peak level of about 63,000 building permits issued.<sup>27</sup> Further, the Washington, D.C./Northern Virginia metro area ranks among the top 25 most expensive housing markets in the United States,<sup>28</sup> and workforce shortages among builders are limiting the expansion of housing inventory, reducing affordability for Virginians. In addition, military housing allowances have become insufficient, particularly in coastal areas of Virginia, due to rapidly increasing housing costs.

Another area where Virginia falls short of competitor states is in the evaluation of its individual income tax policies. While competitor states such as North Carolina and Tennessee have aggressively reformed their tax policies to promote economic growth, Virginia's personal income tax structure has seen few changes since 1990.<sup>29</sup> Notably, in 2013, North Carolina began a series of comprehensive tax reforms which have started to bear fruit in recent years as our neighbor to the South has experienced impressive state GDP growth and major economic development project wins and ascended to the top of national business climate rankings. Virginia's competitive position, compared to aspirational peers, highlights the need to evaluate the Commonwealth's tax structure, including personal income tax.

---

<sup>26</sup> Tax Foundation's 2021 Location Matters Report

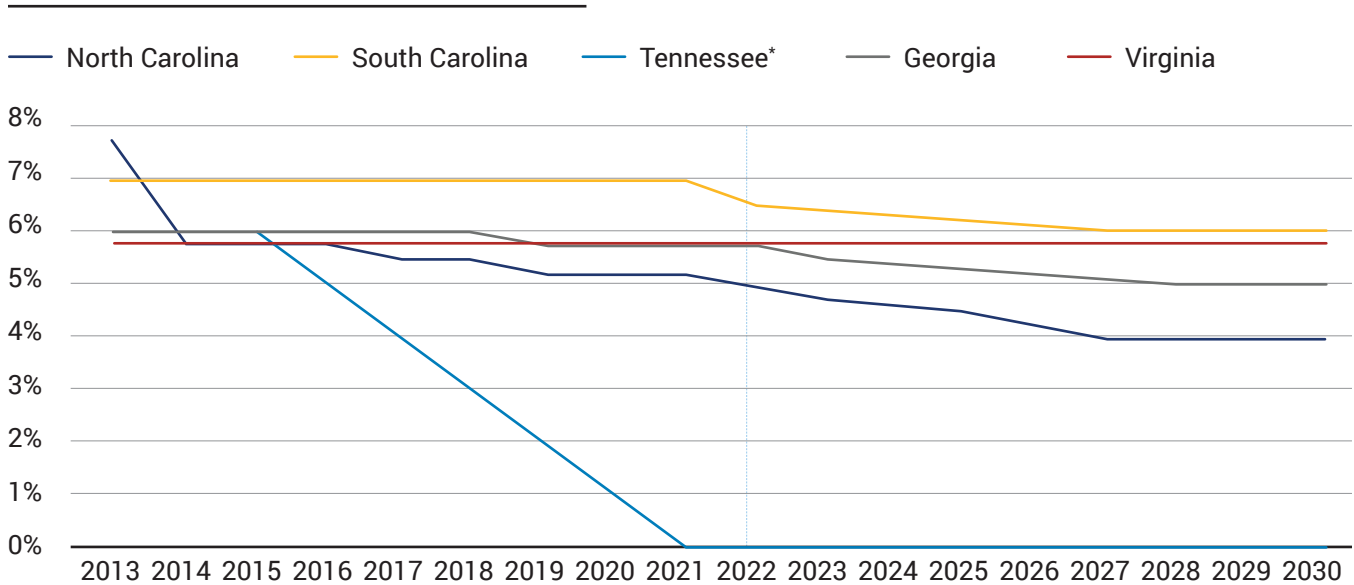
<sup>27</sup> Virginia Statewide Housing Study, January 2022

<sup>28</sup> Moody's 2021 Cost of Living Index

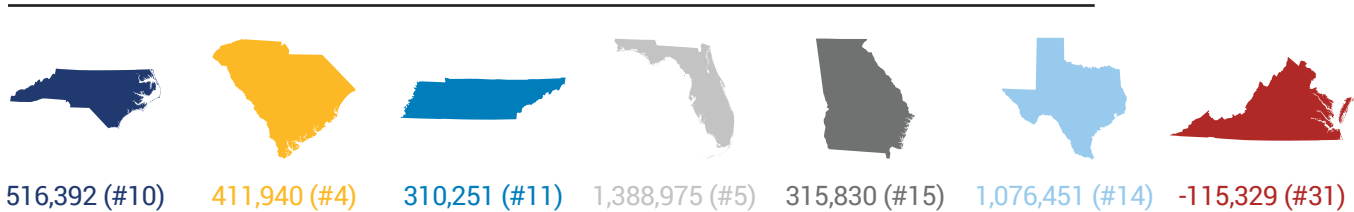
<sup>29</sup> Code of Virginia

**North Carolina, Tennessee, and Georgia have reduced personal income tax rates, while Virginia holds steady. Competitor states reforming tax policies have experienced gains in domestic migration in recent years.**

**Figure 16: Top personal income tax rate by state**  
2013–2030 by Statutory Rate (%)<sup>30</sup>



**Figure 17: Net domestic migration 2014–2021 (State net migration ranks in parentheses)<sup>31</sup>**



Outdated tax policies and rising housing costs have resulted in an unfavorable cost of living comparison with peer states, indicated by Virginia’s mediocre performance in state cost of living indexes and national business rankings. Virginia ranked 28<sup>th</sup> in The Council for Community and Economic Research’s (C2ER) 2022 State Cost of Living Index, behind key competitors such as North Carolina, Tennessee, Georgia, Texas, South Carolina, and Florida. Additionally, CNBC assigned Virginia a D+ grade in the Cost of Living category for its 2022 America’s Top States for Business rankings, the same grade the publication assigned Virginia in this category for 2021.<sup>32</sup>

<sup>30</sup> Top personal income tax rates as statutorily defined in respective states; Georgia will begin lowering its personal income tax rate in 2024, reaching a rate of 5% in 2029; Florida and Texas do not levy a personal income tax; 2013–2022 reflect actual tax rates and 2023–2030 reflect expected future tax rates

\* Tennessee’s Hall Income tax applied only to investment income and was phased out in 2021

<sup>31</sup> Census Bureau, Population Estimates Program

<sup>32</sup> CNBC’s 2021 and 2022 Top State for Business Rankings

**Virginia’s cost of living continues to trail competitor states, experiencing minimal change in ranking since 2018.**

**Figure 18: State Cost of Living Rankings**  
2018–2022<sup>33</sup>

State	2018	2019	2020	2021	2022
Tennessee	7	6	5	5	6
Georgia	15	8	9	10	10
North Carolina	12	11	12	13	11
Texas	20	14	14	14	14
South Carolina	23	17	18	18	18
Florida	27	24	25	25	25
<b>Virginia</b>	<b>30</b>	<b>26</b>	<b>30</b>	<b>28</b>	<b>28</b>

**Progress**

This Administration has an unwavering commitment to reducing Virginia’s overall cost of living. In June 2022, Governor Youngkin signed Virginia’s state budget, which included \$4 billion in tax relief for Virginians, including increasing the standard deduction by 80%, eliminating the state’s portion of the grocery tax, and tax reductions on military retirement pay. In August 2022, Governor Youngkin also announced a state sales tax holiday to provide further tax relief for Virginia families. The Administration has also made key investments to make housing more affordable for Virginia, including \$60 million in Housing Opportunity Tax Credit awards. In addition, the Administration’s Make Virginia Home plan will promote an increased supply of attainable, affordable, and accessible housing across the Commonwealth. Finally, the Administration has assembled a task force to inventory state taxes and explore reduction and elimination strategies to put money back in the pockets of Virginians during a time of high inflation.

**Solution**

Building on these critical relief efforts, this Administration will deploy the following initiatives to accelerate cost of living reductions in the Commonwealth:

- Reform individual income tax burdens to align with high-growth states to make Virginia a more affordable place to live and work
- Develop housing plans in coordination with economic development site plans to promote ample, affordable worker housing when businesses locate in Virginia

<sup>33</sup> Council for Community and Economic Research: 2022 Cost of Living Index; lower ranking reflects lower cost of living



- Align housing development with economic growth through public/private partnerships with developers and include workforce housing in the early stages of the site development and selection process
- Invest in innovation in housing construction and modernize regulatory processes to reduce the cost of housing construction and materials
- Continue to reduce or eliminate taxes on military retirement pay to retain talented veterans in the Commonwealth

**Impact**

Increased housing supply and personal income tax reforms will reduce the cost of living to keep workers in Virginia and attract talent from other states. Reducing out-migration and attracting more workers will support economic growth by attracting businesses that prioritize access to top talent in an increasingly competitive labor market.



# Break Down Barriers

---

# Break Down Barriers

**Evaluate Virginia’s business taxes, licensing, and other costs, and modernize Virginia’s regulatory processes to reduce costs of doing business and remove barriers to success.**

## Situation

Critical to Virginia’s ability to attract business is its ability to maintain a competitive cost of doing business. Virginia boasts many advantages from a cost perspective but faces intensified competition with peer states offering aggressive incentive packages and bold tax reform policies. The Commonwealth cannot afford to remain idle while competitors continually enhance their competitive positions.

Virginia is widely regarded as an attractive place to do business, as evidenced by the Commonwealth’s historically strong performance across various national business rankings. A strategic mid-Atlantic location, world-class port infrastructure, and the state’s right-to-work status are key assets that drive business attraction and retention in the Commonwealth. These advantages allow Virginia to compete across a diverse set of industries, but opportunities to further enhance an already strong business climate remain.

## Challenges

Tax competitiveness is a crucial area of focus for this Administration. Virginia is in the middle of the pack compared to key competitor states for overall business tax burdens, particularly for new firms. Virginia’s tax burden for new firms highlights opportunities for improvement in many categories, particularly for research and development and tech centers.

**Virginia’s peer states have more competitive tax environments for new firms.**

**Figure 19: Virginia’s tax competitiveness rankings for new firms<sup>34</sup>**

State	New Firm Avg. Rank*	Corp. HQ	R&D	Tech Center	Data Center	Distr. Center	Capital Mfg.	Labor Mfg.	Shared Services
NC	11	1	5	3	21	9	29	8	13
GA	12	29	7	12	11	10	20	6	1
TN	20	30	31	30	8	7	16	20	18
<b>VA</b>	<b>25</b>	<b>21</b>	<b>40</b>	<b>40</b>	<b>26</b>	<b>20</b>	<b>15</b>	<b>12</b>	<b>23</b>
SC	34	25	46	39	42	43	39	10	28
FL	34	28	39	32	29	35	42	36	32
TX	41	36	47	45	34	39	48	40	37

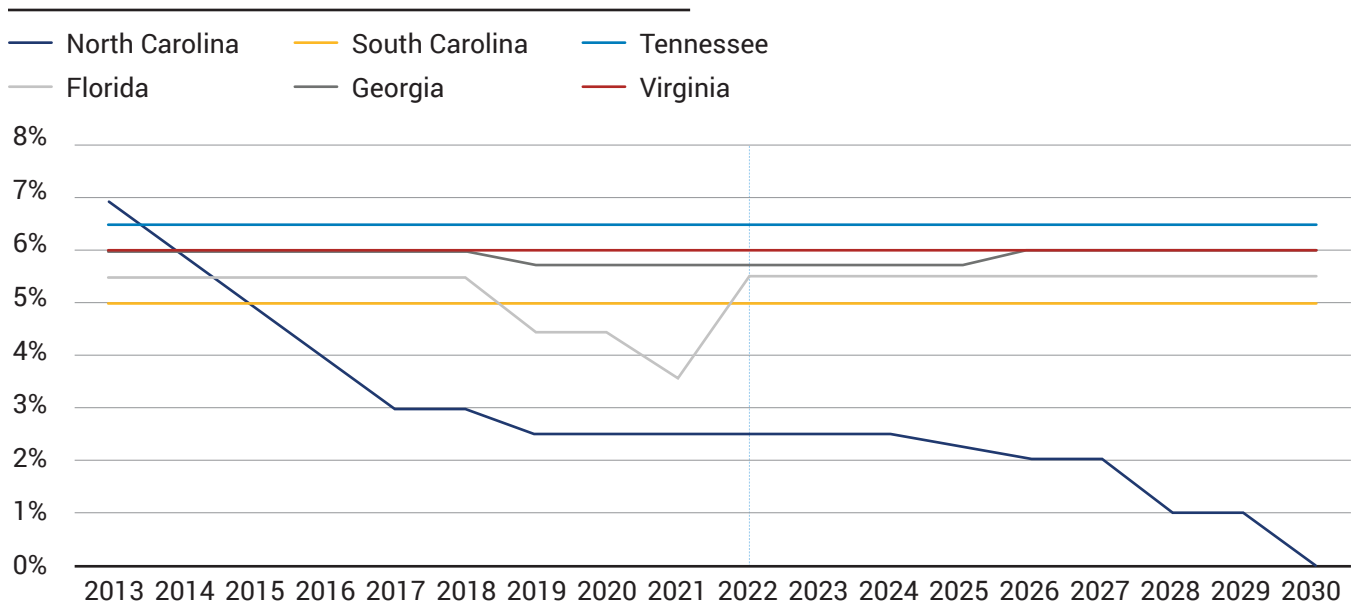
<sup>34</sup> Tax Foundation’s 2021 Location Matters Report (estimates the state and local tax burden in representative localities for new and mature firms across eight sectors)

\* Rankings closer to one reflect a lower estimated tax burden

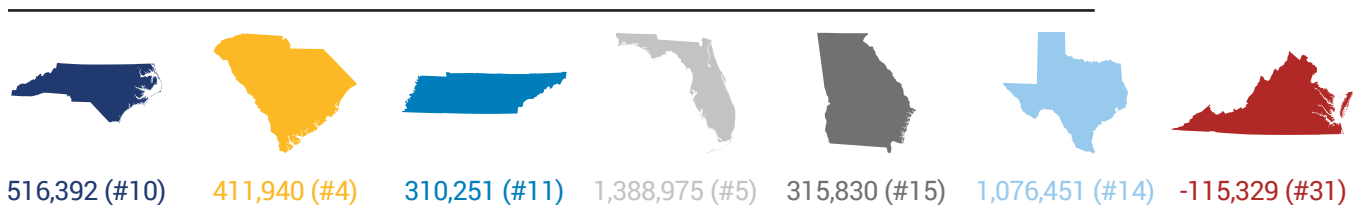
Further, unique aspects of Virginia’s cost structure, including the local Business, Professional, and Occupational License (BPOL) tax and machinery and tools (M&T) tax, in addition to cumbersome regulatory processes at all levels, contribute to perceptions of a high cost of doing business in Virginia, relative to competitors. While Virginia offers competitive sales tax rates for firms, the state’s business tax climate rankings across various tax categories highlight opportunities for improvement. With an overall ranking of 26<sup>th</sup> in the Tax Foundation’s 2023 State Business Tax Climate Index, Virginia’s corporate income tax, individual income tax, property tax, and unemployment insurance tax rates represent opportunities for Virginia to enhance its competitiveness.

**Virginia’s corporate income tax rates remain flat while competitor states lower rates to enhance their business climate. Competitor states reforming tax policies have experienced gains in domestic migration in recent years.**

**Figure 20: Corporate income tax rates among peer states 2013–2030 by Statutory Rate (%)<sup>35</sup>**



**Figure 21: Net domestic migration 2014–2021 (State net migration ranks in parentheses)<sup>36</sup>**



Virginia underperforms most states in the unemployment insurance (UI) tax category, ranking 39<sup>th</sup> among states. While the Commonwealth offers competitive rate schedules, a wage tax base close to the federal minimum, and a brief time to gain an experience rating for new firms, the Commonwealth’s application of this tax creates burdens for Virginia employers. Virginia’s unemployment insurance charging policies are unfavorable to employers compared to competitor states, including a lack of common exclusions that protect against separations beyond employers’ control and a policy of charging only the most recent employer rather than proportionally charging all prior employers.

<sup>35</sup> Corporate income tax rates as statutorily defined in respective states; Texas does not levy a corporate income tax, but it does levy statewide gross receipts taxes of 0.375% on retail and wholesale firms, and of 0.75% on all other firms; 2013–2022 reflect actual tax rates and 2023–2030 reflect expected future tax rates

<sup>36</sup> Census Bureau, Population Estimates Program

**Virginia’s unemployment insurance charging policies are among the least employer-friendly of any southeastern peers.**

**Figure 22: Peer state unemployment insurance tax charging policies<sup>37</sup>**

State	Charges	Firm charged when employee:				
		Award reversed	Voluntary departure	Committed misconduct	Refused work	Continues part-time
FL	All employers (proportional)	N	N	N	N	N
GA	Most recent employer	N	N	N	N	Y
NC	All employers (proportional)	Y	N	N	Y	N
SC	Most recent employer	N	N	N	N	N
TN	All employers (proportional)	N	N	N	Y	N
TX	All employers (proportional)	N	N	N	Y	Y
VA	Most recent employer	Y	Y	Y	Y	Y

This Administration has made significant headway in improving the cost and ease of doing business in Virginia. In June 2022, Executive Order 19 established the Office of Regulatory Management to streamline and modernize regulatory processes, increase transparency, and reduce Virginia’s regulatory burdens by 25%. This effort has already brought unprecedented transparency and efficiency to Virginia’s regulatory processes, with further improvements underway.

**Solution**

While the Commonwealth has made strides over the past eleven months, Virginia has work ahead to improve the cost and ease of doing business, including:

- Reform corporate tax burdens to make Virginia a more attractive place to do business
- Evaluate Virginia’s unemployment insurance policies to reduce the burdens to individual employers and align them with competitor states
- Continue to modernize Virginia’s regulatory and permitting processes to reduce costs associated with navigating complex regulations
- Market regulatory improvements to enhance perceptions of Virginia as a top state for business

<sup>37</sup> Tax Foundation (2023 State Business Tax Climate Index); Code of Virginia; Green text reflects favorable charging policies and red reflects unfavorable policies

## Impact

Virginia's tax rates have remained consistent in recent years, calling for the Commonwealth to hit the accelerator. Tax reform will address one of the top areas where Virginia underperforms competitor states, attracting new companies away from competitors and keeping existing businesses in Virginia. These gains will be reinforced by regulatory reform that will further reduce the cost of doing business by minimizing costly delays and eliminating the need for specialized consultants to navigate an outdated regulatory system – improvements that will shift Virginia's economic growth into overdrive.



Ferguson Enterprises, Newport News



CarMax, Richmond



DroneUp, LLC, Virginia Beach

# Drive Innovation

---

# Drive Innovation

**Strengthen a statewide culture conducive to entrepreneurship by enhancing connections between businesses, universities, investors, and talent and reducing burdensome regulations for small businesses and early-stage companies.**

## **Situation**

Entrepreneurship and small businesses are integral components of Virginia's economy, critical to driving innovation and job creation in the state. Since 2001, new payroll establishments among businesses with 50 employees or fewer have outpaced new payroll establishments of larger firms in Virginia.<sup>38</sup> Startups and small businesses are the lifeblood of Virginia's business community, and addressing their unique needs is vital to building a stable economy for the Commonwealth.

Virginia's leading universities and pool of top talent have generated many new, innovative ideas and businesses over the years, while small businesses constitute the majority of firms in the Commonwealth. With two state agencies dedicated to entrepreneurship and small business needs, the Commonwealth offers many resources for new firms. The Virginia Department of Small Business and Supplier Diversity's (SBSD) Business One Stop provides a central resource for entrepreneurs and business owners to find information to plan, develop and expand their businesses.

In Fiscal Year 2021, Virginia took a significant step forward to address challenges and opportunities in innovation and entrepreneurship by launching the Virginia Innovation Partnership Authority (VIPA). The Commonwealth consolidated a number of its disparate innovation and technology programs under the umbrella of VIPA and significantly increased funding for new programs designed to address key issues. The Virginia Innovation Partnership Corporation (VIPAC), the nonprofit operating arm of VIPA, is a dedicated state entity tasked with nurturing the unique needs of early-stage companies through technology-based economic development strategies to accelerate innovation, imagination, and the next generation of technology and technology companies.

## **Challenges**

While Virginia offers strong state support for entrepreneurs and small businesses, recent indicators from the Kauffman Foundation show Virginia as having some of the lowest entrepreneurship rates in the country. In 2021, Virginia ranked 41<sup>st</sup> among states in rates of new entrepreneurs and 36<sup>th</sup> in startup survival rates (percentage of startups still active after one year).

---

<sup>38</sup> Virginia Employment Commission (November 2022)



## Virginia trails peer states in multiple measures of entrepreneurship.

**Figure 23: Early-stage entrepreneurship indicators by state (ranks)**  
2021<sup>39</sup>

State	Rate of New Entrepreneurs*	Opportunity Share of New Entrepreneurs**	Startup Early Job Creation***	Startup Early Survival Rate****
Florida	1	7	1	30
Georgia	3	19	10	35
Texas	15	25	13	18
Tennessee	21	20	20	28
North Carolina	22	35	9	8
South Carolina	30	12	29	12
<b>Virginia</b>	<b>41</b>	<b>23</b>	<b>19</b>	<b>36</b>

Virginia’s universities lag higher education institutions in competing states such as Texas, North Carolina, Florida, Georgia, and Tennessee in annual research and development expenditures; no Virginia universities rank among the nation’s top 40 in research and development spending and none surpassed the \$1 billion expenditure mark for this category in Fiscal Year 2020.<sup>40</sup> Limited personnel dedicated to tech transfer, and a decentralized university system, among other factors, have limited commercialization of research from Virginia’s universities. Virginia ranks 17<sup>th</sup> in CNBC’s Technology and Innovation category for its 2022 Top State for Business rankings.

Further, Virginia ranks unfavorably for innovation-based new firm tax friendliness, ranking 40<sup>th</sup> in tax climate for new research and development firms and tech centers, highlighting potential improvement opportunities related to the state’s tax competitiveness. Virginia’s locally levied Business, Professional, and Occupational License (BPOL) Tax also creates additional burdens for startups and small businesses as the tax is imposed on gross receipts, even before businesses are profitable.<sup>41</sup>

For startups and other stock corporations, Virginia business registration costs are sensitive to the number of shares authorized by the corporation. To lower upfront filing and charter fees and recurring annual registration costs, companies frequently incur the time and legal expense of a reverse stock split. Moving to a “flat fee” basis independent of the number of shares authorized by a company, removing both cost and friction from the business registration process, would benefit early-stage startups with the potential for high-growth and attracting private investors.

<sup>39</sup> Kauffman Foundation (2021 Early-Stage Entrepreneurship State Report)

\* Rank of the percent of adults becoming entrepreneurs in a given month, one-year average

\*\* Rank of the percent of new entrepreneurs who left other economic and educational activities to start a business, as opposed to leaving unemployment to start a business

\*\*\* Rank of the jobs created by start-ups per 1,000 people

\*\*\*\* Rank of the percent of firms surviving one year after founding

<sup>40</sup> National Center for Science and Engineering Statistics, Higher Education R&D Survey (December 2021)

<sup>41</sup> Tax Foundation, 2021 Location Matters Report

For entrepreneurship to thrive in the Commonwealth, talent attraction and population growth are key factors and present improvement opportunities for Virginia. Additionally, broadband coverage limitations, particularly in rural areas, create barriers to small business formation and entrepreneurship that could support population growth and economic prosperity in rural Virginia.

### **Progress**

This Administration is committed to fostering startup growth in the Commonwealth. In 2022, Virginia revamped the way that it defines and tracks startups, seeing substantial startup growth since January. Although all new businesses are critical to growing Virginia's economy, the Commonwealth has emphasized tracking a subset of businesses that are most responsible for new, high-paying jobs in high-growth industry sectors in alignment with the Commonwealth's target industries. These firms are defined as having fewer than 20 employees that demonstrate higher-than-average expected job growth, pay higher-than-average wages, and operate in targeted industry sectors. Understanding and identifying these companies can help shape policies that create an environment that gives Virginians more opportunities to prosper.

Availability of funding for entrepreneurs is an area in which the Commonwealth has demonstrated notable improvements. In 2022, Virginia ranked 6<sup>th</sup> in CNBC's Access to Capital category in its 2022 Top State for Business rankings, climbing three spots from the previous year. The National Venture Capital Association reports that Virginia ranked 13<sup>th</sup> in the number of companies receiving venture capital funding and 14<sup>th</sup> in total venture capital funding raised in 2021. However, access to capital is frequently cited as a challenge for underrepresented groups such as women, minorities and veterans.

In December 2022, Virginia secured \$230 million in funding through the U.S. Department of Treasury's State Small Business Credit Initiative (SSBCI) to accelerate the formation and growth of entrepreneurial businesses across the Commonwealth. The credit lending and early-stage equity financing programs available through SSBCI – managed by SBSB and VIPC, respectively – will provide Virginia-based businesses with increased access to public and private capital, especially around under-represented communities, and entrepreneurs. Virginia's allocated SSBCI funding is expected to catalyze up to 10 times the amount of private investment for every dollar of SSBCI invested capital deployed.

Since January 2022, the Virginia Innovation Partnership Corporation has announced \$6.5 million in grants to 97 projects through the Commonwealth Commercialization Fund and \$7.2 million in equity investments to 43 startups through the Virginia Venture Partners program. In November 2022, Governor Youngkin announced \$300,000 in matching grant awards to 64 small business partnerships as part of the Virginia Tourism Corporation's micro-business marketing program, leveraging nearly \$800,000 in private sector funds.

### **Solution**

While Virginia has continued to see elevated levels of monthly business applications in 2022, the state has many opportunities for improvement. To establish Virginia as a top state to start and grow a business, Virginia will focus on the following priorities:

- Identify opportunities to enhance state business culture to attract to early-stage investors, including potential incentives for early-stage capital investments and enhancements to related regulations
- Expand and leverage accelerator and incubator networks to spur innovation and startup creation in the Commonwealth

- Leverage VIPC's recently relaunched Entrepreneur-in-Residence Program to promote expanded tech transfer and commercialization support for Virginia's universities
- Leverage GO Virginia and VIPC's Regional Innovation Fund to expand investment in regional innovation ecosystems and staff to connect entrepreneurs, universities, and businesses
- Identify opportunities to ease regulatory and tax burdens for Virginia small businesses and startups, including business registration costs, BPOL, property, and unemployment insurance tax reform
- Expand support and access to capital for small and veteran-owned businesses and promote growth and opportunities for Small, Woman-, and Minority-owned (SWaM) Businesses

### **Impact**

Through these initiatives, Virginia will attract more talented entrepreneurs and early-stage capital. Investing in Virginia's startup ecosystems will improve connections between Virginia's entrepreneurs and providers of capital to give entrepreneurs access to the funding they need to grow in Virginia. Easing tax and regulatory burdens for startups and small businesses will reduce financial burdens and improve survival rates for new companies.



# A Best-in-Class Virginia

---

# A Best-in-Class Virginia

This plan casts the vision for building a best-in-class business climate in Virginia and provides the framework for accelerating economic growth in the Commonwealth. We will make Virginia more competitive by reducing costs of living and doing business, modernizing its regulatory environment, crafting an education system that supports the development of the country's most talented workforce, and prioritizing collaboration, effectiveness, and efficiency throughout government.

Through the more than 40 initiatives outlined in this plan, Virginia will close its competitive gap with its peer states in critical areas while differentiating the Commonwealth in others. Make no mistake: There is challenging work ahead to accomplish these goals. The culmination of these efforts will be durable, sustainable systems and processes that will enable Virginia to compete and win on a global scale by offering differentiated business solutions to drive near-term growth and long-term prosperity for future generations of this great Commonwealth. It is time to hit the accelerator and drive Virginia forward toward a bright economic future.



Tysons Corner Skyline, Fairfax County



Mechatronics, Virginia Western Community College



Mid-Atlantic Regional Spaceport, Accomack County

