

Frederick County and Virginia's incentive programs reduce the costs of opening or expanding a business facility. We view incentives as an investment in Frederick County, Virginia's economic future and a business opportunity for the County, Commonwealth and the company. As such, Frederick County and the Commonwealth of Virginia offers an array of incentives for competitive projects evaluating Frederick County, Virginia location, providing financial inducements that make good fiscal sense for all parties. Performance-based incentives target the needs of companies as well as the development plans of the County and the Commonwealth.

Local Public Investment

One of Frederick County, Virginia's, advantages is how it customizes public investment based on the needs of each investment project.

At the sole discretion of the Frederick County Board of Supervisors, qualified businesses locating to or expanding within Frederick County, Virginia may be offered incentives outlined in these guidelines. Businesses within targeted sectors (list follows) will receive priority consideration.

Eligible Businesses

Targeted Sectors	Niche Industry Targets
Advanced Manufacturing	Plastic Products ● Engineered Wood Products ● Fabricated Metal Products ● BioScience ● Supportive Logistic Consulting ● Supportive Trucking Operations
Headquarters and Back Office	Corporate Headquarters ● Back Office ● Service Centers
Retail	Specialty Retailers ● Casual Dining ● Fast Casual Restaurants
Professional and Creative Services	Information and Communication Technology ● Data Centers ● Cyber Security Engineering
Agribusiness and Food Processing	Specialty Food and Beverages ● Packaged Foods ● Perishable Foods ● Beverages and Breweries

The types of incentives available to companies locating to or expanding within Frederick County will be limited to:

- Public infrastructure improvements, such as roads, sidewalks, parking facilities, etc.
- A match of the Virginia Jobs Investment Program grant.
- Cash appropriations as authorized by Virginia Code § 15.2-953 or other applicable law.

Qualifications

Businesses Locating to Frederick County, Virginia

Frederick County may elect to match the discretionary State incentives, like the Governor's Development Opportunity Fund, or provide cash appropriations as authorized by Virginia Code § 15.2- 953 or other applicable law.

Minimum Requirements

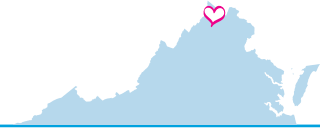
- The company must create a minimum of 5 new jobs over a 36 month period, each of which pay at least 100 percent of the county's median wage (\$44,266).
- The company must make a minimum \$5 million taxable investment in buildings, land and equipment over a 36 month period.
- Frederick County must be competing with another jurisdiction for the company's final location decision.

Businesses Expanding Existing Frederick County Operations

Minimum Requirements

- The company must create a minimum of 5 new jobs and must receive a Virginia Jobs Investment Program grant. Projects that qualify for The Governor's Agriculture and Forestry Industries Development Fund or Virginia Investment Partnership Grant are exempt from the minimum job threshold, but must maintain stable employment levels
- The company must make a minimum \$500,000 taxable investment in buildings, land and equipment, over a 36-month period. Projects that qualify for The Governor's Agriculture and Forestry Industries Development Fund are exempt from the minimum investment threshold.
- Frederick County must be competing with another jurisdiction for the company's final location decision. Projects that qualify for The Governor's Agriculture and Forestry Industries Development Fund are exempt from this requirement.





Process

Once a company decides on a specific location, the Frederick County Economic Development Authority works with the Frederick County Board of Supervisors on a grant request.

Once the level of public investment has been decided and agreed to, a contract of understanding is executed. The contract details the company's and community's investments and expectations. Each grant request is reviewed independently to ensure the company's unique needs are met. Any project receiving public investment must have the announcement coordinated through the Frederick County Economic Development Authority or the Virginia Economic Development Partnership via the Governor's Office.

Factors that could result in an increase or decrease of public investment include:

- Amount of qualifying match from the State of Virginia;
- Qualifying, project-related expenditures (i.e. site/infrastructure development, training, etc.);
- Availability and amount of other local incentives offered for the project;
- Projected local revenue generated by the project as determined by a return-on-investment analysis;
- Receipt of necessary approvals from Frederick County Board of Supervisors .

In order to be considered for the Financial Investment Fund, a company must generally invest at least \$5.0 million in capitalized investment and hire new employees at a minimum salary of \$42,898.

Frederick County's Permitting Priority Assistance

Frederick County operates a time-tested fast track permitting process. Once a project is pre-qualified, a point of contact within Frederick County is assigned to ensure permits and inspections are completed in a timely and reasonable manner to meet the desired occupancy time frame. Frederick County will also work with the Virginia Department of Environmental Quality to secure any necessary permits in a timely fashion, if needed.

Frederick County's Tax Assessment Cost Avoidance

Frederick County assesses machinery and tools and business equipment annually on January 1st. Machinery, tools and business equipment installed after January 1st are not taxed until January 1st of the following year.

State Assistance Options

Commonwealth's Development Opportunity Fund

The Commonwealth's Development Opportunity Fund (COF) is a discretionary financial incentive established to support projects that create new jobs and investment in accordance with certain criteria established by state legislation. Grants are made to the community and may be used for such things as site acquisition and development; transportation access; public or private utility extension or capacity development; construction or build-out of publicly or privately owned buildings or training.

Governor's Agriculture and Forestry Industries Development Fund

The Governor's Agriculture and Forestry Industries Development Fund (AFID) is a discretionary performance-based incentive designed to attract new and expanding agriculture and forestry processing/value-added facilities using Virginia-grown products. The AFID program is administered by the Virginia Department of Agriculture and Consumer Services.

Virginia Investment Partnership Grant

The Virginia Investment Performance Grant (VIP) encourages continued capital investment by existing Virginia companies, resulting in added capacity, modernization, increased productivity, or the creation, development, and utilization of advanced technology. The program targets existing manufacturers or research and development services supporting manufacturing. There must be an active and realistic competition between Virginia and another state or country for attracting the project, and matching local financial participation is expected.

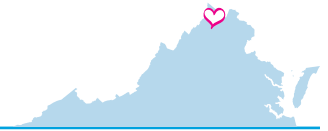
The amount of each VIP grant is determined by the Secretary of Commerce and Trade, based in part on the Virginia Economic Development Partnership's (VEDP) Return-on-Investment analysis and recommendation, and is subject to the approval of the Governor.

Major Eligible Employer Grant

The Major Eligible Employer Grant Program (MEE) is a discretionary program used to encourage major basic employers to invest in Virginia and to provide a significant number of stable employment opportunities by either making a significant expansion to existing operations or constructing new ones. There must be an active and realistic competition between Virginia and another state or country for attracting the project.

The amount of each grant is determined by the Secretary of Commerce and Trade, based in part on the Virginia Economic Development Partnership's (VEDP) Return-on-Investment analysis and recommendation, and is subject to the approval of the Governor.





The Virginia Economic Development Incentive Grant

The Virginia Economic Development Incentive Grant program (VEDIG) assists and encourages companies to invest and create new employment opportunities by locating significant headquarters, administrative, or service sector operations in Virginia. There must be an active and realistic competition between Virginia and another state or country for attracting the project.

The amount of each VEDIG grant is determined by the Secretary of Commerce and Trade, based in part on the Virginia Economic Development Partnership's (VEDP) Return-on-Investment analysis and recommendation, and is subject to the approval of the Governor.

Green Job Creation Tax Credit

For taxable years beginning before January 1, 2021, the Green Job Creation Tax Credit allows a credit against the Virginia individual or corporate income tax for each new green job created within the Commonwealth by the taxpayer. The amount of the annual credit for each new green job will be \$500 for each job with an annual salary of \$50,000 or more.

Virginia Jobs Investment Program

The Virginia Jobs Investment Program (VJIP) provides services and funding to companies creating new jobs or experiencing technological change to reduce the human resource development costs for new companies, expanding companies, and companies retraining their employees.

Funding for each net new full-time job created or full-time employee retrained is based on a customized budget determined by an assessment of the company's recruiting and training activities. Funding is reimbursable 90 days after the trainee is hired (for new jobs programs) or after the retraining activity has occurred (for retraining programs).

In addition to direct funding to offset a company's recruitment and training costs, VEDP offers human resource consultative support at no charge.

Corporate Income Tax Credits

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

- Major Business Facility Job Tax Credit
- Recycling Equipment Tax Credit
- Worker Retraining Tax Credit
- Green Job Creation Tax Credit
- Refundable Research and Development Expenses Tax Credit
- Port Volume Increase Tax Credit

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

Property Tax Exemptions

Virginia does not tax: Intangible property; manufacturers' inventory; manufacturers' furniture, fixtures or corporate aircraft; certified pollution control facilities and equipment; and solar energy equipment, facilities and devices that collect, generate, transfer, or store thermal or electric energy.

Economic Development Access Program

The Economic Development Access Program assists localities in providing adequate road access to new and expanding manufacturing or processing companies, research and development facilities, distribution centers, regional service centers, corporate headquarters, or other basic employers. The Virginia Department of Transportation (VDOT) administers this program.

Rail Industrial Access Program

The Rail Industrial Access Program provides grants to construct railroad tracks to new or substantially expanded industrial and commercial projects having a positive impact upon economic development in Virginia. This grant program is administered by the Virginia Department of Rail and Public Transportation.

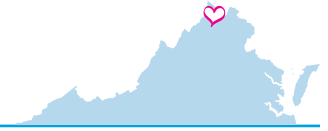
Transportation Partnership Opportunity Fund

The Transportation Partnership Opportunity Fund Act authorizes the Governor to award grants, revolving loans or other financing tools and equity contributions to an agency or political subdivision of the Commonwealth of Virginia or to a private entity or operator that has submitted a proposal or has signed a comprehensive agreement to develop a transportation facility pursuant to applicable provisions of the Code. The Virginia Department of Transportation (VDOT) administers this program.

Virginia Small Business Financing Authority

The Virginia Small Business Financing Authority (VSBFA) is the Commonwealth of Virginia's economic development and business financing arm. We help banks make loans to businesses that can demonstrate repayment ability, but where the bank needs additional collateral support or a more robust





secondary repayment source.

Port of Virginia Economic and Infrastructure Development Grant

The Port of Virginia Economic and Infrastructure Development Grant (POV Grant) is designed to incentivize companies to locate new maritime-related employment centers or expand existing centers to encourage growth of The Port of Virginia. POV Grants are administered by the Virginia Port Authority.

Technology Zones

Virginia cities, counties and towns have the ability to establish by ordinance, one or more technology zones to attract growth in targeted industries. Qualified businesses locating or expanding operations in a zone may receive local permit and user fee waivers, local tax incentives, special zoning treatment or exemptions from ordinances. Each locality designs and administers its own program.

Foreign Trade Zones

Virginia offers companies access to six general purpose foreign trade zones (FTZs) designated by the U.S. Department of Commerce. These zones are dispersed across the state.

Recycling Investment Tax Credit

The Recycling Investment Tax Credit allows manufacturers to claim a corporate income tax credit in the amount of 20 percent of the purchase price paid during the taxable year for machinery and equipment used predominantly in or on the premises of manufacturing facilities or plant units which manufacture, process, compound, or produce items of tangible personal property from recyclable materials.

Tax Exemptions

Real Estate (Local)

Partial exemption from taxation for up to 15 years for qualifying real estate (at least 25 years old) that has been substantially rehabilitated for commercial or industrial use.

Property (Local)

Certified pollution control facilities and equipment. Certified recycling facilities, equipment or devices. There is also a State income tax credit of up to 10% of original cost for certified machinery and equipment for processing recyclable materials. Certified solar energy equipment, facilities, or devices. Intangible property, including shares of stocks, bonds, notes, accounts receivable, money, or computer software. Manufacturer's inventory. For manufacturers, office furniture, fixtures or corporate aircraft.

Sales and Use (State and Local)

Custom software. Tangible personal property delivered to a factory or export agent for subsequent export to a foreign country. Property used or consumed directly and exclusively in basic research and development. Certified facilities and equipment used primarily for the abatement or control of water and air pollution. For manufacturers, purchases used in production, including machinery, tools, spare parts, industrial fuels and raw materials. For distributors, items purchased for resale.

Case Studies

Study #1:

Distribution company committed to making a \$25 million new, local taxable investment and creating 150 new jobs. Local and state governments provided \$300,000 to assist in securing its location. The company received \$60,000+ in workforce training assistance.

Study #2:

Manufacturing company purchased an existing facility and committed to making a \$12 million new, local taxable investment, purchasing the existing facility for \$24 million, retaining 200 jobs, and creating 50 new jobs. Local and state governments provided \$500,000 to assist in securing its location. The company received \$500,000+ in workforce training assistance and \$300,000 in Industrial Road Access funds.

Study #3:

Manufacturing company committed to making an \$84 million new local taxable investment and creating 170 new jobs. Local and state governments provided \$1.1 million to assist in securing its location. The company received \$300,000 in Industrial Road Access funds.

Updated: January 2019