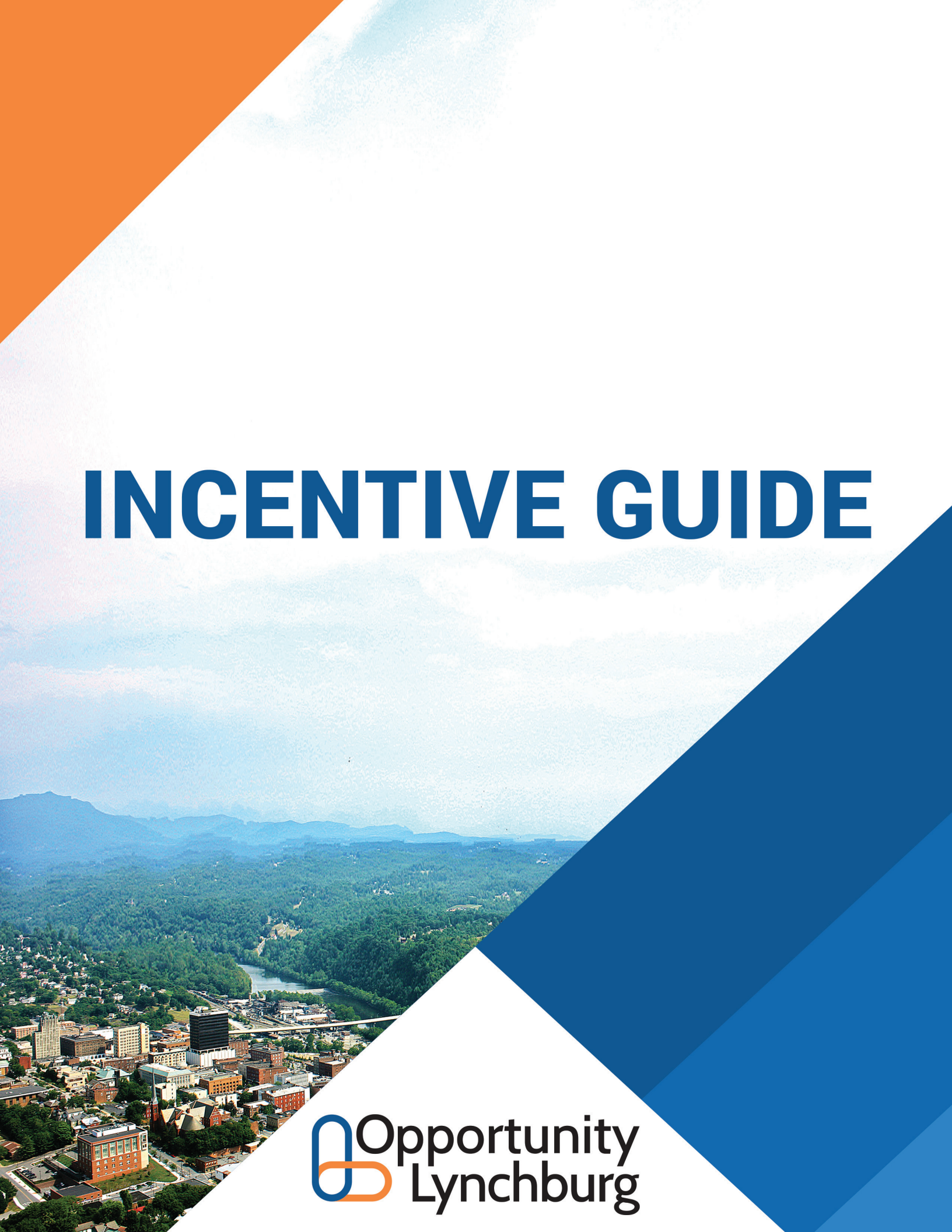


INCENTIVE GUIDE



LOCAL INCENTIVES

Lynchburg is among Forbes' Top 100 Best Places for Business and Careers because Lynchburg has everything businesses need to prosper. When your business is ready to invest in Lynchburg and our workforce, we are ready to support your business through targeted investments that provide immediate returns and long-term benefits for Lynchburg citizens. Below is a sample of incentives and credits available to eligible firms relocating to or expanding in Lynchburg. All incentives are subject to modification, the availability of funds, and review and approval by the Lynchburg Economic Development Authority. For more information, please contact the Office of Economic Development at 434-455-4490.

Enterprise Zones

The City of Lynchburg boasts two Enterprise Zones providing investment incentives covering 4,200 acres of commercial property. In our Enterprise Zones, state and local incentives combine to support existing business expansion and new business relocation. Incentives include cash grants for real estate investments and job creation, along with local benefits for qualifying investments.

Real Property Investment Grant

- Qualified real property investments in a commercial, industrial, or mixed-use building or facility within the boundaries of a designated Virginia Enterprise Zone
- 20% cash grant for real property rehabilitation investments above a \$100,000 threshold
- 20% cash grant for new construction investments above a \$500,000 threshold
- Grant capped at \$100,000 for investments less than \$5 million
- Grant capped at \$200,000 for investments of \$5 million or more.

Job Creation Grants

- Cash grant up to \$800 per job per year for five years
- Requires creation of five jobs or more
- Requires wages equal to or above 175% of the Federal minimum wage with benefits
- Personal service, retail, food and beverage positions are not eligible
- Grant will be based on the wages paid for those grant eligible positions.

Technology Zones

In recognition of Lynchburg's leadership in tech-based business and industry, the entire City of Lynchburg is a Technology Zone. Qualified tech-based businesses are eligible for local tax incentives for net new capital investment and job creation. Businesses must first certify they are primarily engaged in or utilize technology in their business processes, products or services.

- Requires a minimum \$100,000 net new capital investment
- Within a 12-month period, hire five net new full-time employees
- Wages equal to or greater than 200% of the federal minimum wage
- Provides five year tax incentive on the incremental increase for either machinery and Tools Tax or Business, Professional and Occupational License Tax, on a sliding scale.

EDA Capital Investment Program

Incentive value in the form of cash, infrastructure improvements or other support as determined by the EDA may be given for eligible capital investments. All taxes generated by capital investment (business personal property, machinery & tools, real estate improvement, etc.) must generate a positive return on investment over a 36-month period, which is subject to verification and the terms of a performance agreement. This program includes a maximum incentive equivalent to 2% of the capital investment up to \$10 million or 1% of capital investment over \$10 million, with a cap of \$350,000.

EDA Job Creation Grant

Grants in the form of cash, infrastructure improvements or other support as determined by the EDA may be given to support large-scale employment expansion. Grant value may be up to the value of a 2% increase in annual payroll of FTE positions with health benefits if base employment is increased by more than one-third or thirty net-new positions, whichever is greater. Requires annual payroll audit and a performance agreement.

Local Redevelopment Program

Designed to support small- and medium-scale investments in commercial property within the city's Enterprise Zones, the Local Redevelopment Program supports a portion of qualified expenditures. Property requires at least 20% commercial use. Proper permitting is required to qualify, and submitted project costs are verified by building permit. Applications must be completed within 30 days of beginning work. For more information and application forms, please contact the Office of Economic Development at 434-455-4490 or email Jason.Witt@lynchburgva.gov.

Real Estate Rehab & Renovation Tax Credit

This tax credit opportunity effects Residential, Multi-Family, and Commercial and Industrial spaces. Residential rehabilitation projects will be offered up to 10 years of real estate tax exemption on the improved value of the home. Multi-Family properties, those representing five or more units, will receive eight years of tax exemption. Commercial and Industrial properties will be given up to ten years of tax exemption on the improved value of rehabilitation and renovation.

Industrial Park Property

The Lynchburg Economic Development Authority owns and manages two industrial parks. For major qualifying investments, the EDA may offer sale or lease of property at attractive rates, build-to-lease or build-to-own arrangements, site preparation infrastructure improvements and/or other development assistance.

Tourism Zone

In September 2015, the Lynchburg City Council established the entire city as a Tourism Zone in order to promote the continued development and success of tourism-based businesses. Tourism projects in the city may be eligible for the Commonwealth of Virginia's Tourism Development Financing Program, a gap financing program managed by the Virginia Tourism Corporation and the Virginia Resources Authority. Contact Anna Bentson at anna.bentson@lynchburgva.gov for more information.

Financing: Loans, Grants and Bonds

The Lynchburg EDA and Economic Development Office offer business and development financing ranging from local capital up to \$250,000 from a revolving loan fund to tax-exempt industrial revenue bonds. We can also connect your business to micro loans and other small-business financing and assist in applications for SBIR and STTR.

Business Development Center Assistance

The Lynchburg Business Development Center provides business assistance services to entrepreneurs, new business owners and existing small business owners. The LBDC can assist with business and marketing plan development as well as financing. For more information, contact the LBDC at lbdc.com or **434-582-6100**.

James River Arts & Cultural District Program

Arts & Cultural businesses located within the city's James River Arts & Cultural District are eligible for reimbursement of certain business license taxes, along with regulatory flexibility as applicable and approved. Contact our office at (434) 455-4490 for more information about placing your business in the Arts District.

The Office of Economic Development also manages the Arts District grant fund for nonprofit organizations, businesses and individuals wishing to participate or complete arts-related projects in the District.

VIRGINIA INCENTIVES

Virginia is #6 on Forbes' Best States for Business list because the Commonwealth offers state incentives that businesses need to prosper. When businesses are willing to invest in Virginia and our workers, the Commonwealth is willing to support business through targeted investments that provide immediate returns and long-term benefits for Virginia citizens. Below is a sample of incentives and credits available to eligible firms relocating to or expanding in Virginia. To learn more, visit the Virginia Economic Development Partnership's website, www.yesvirginia.org.

Governor's Opportunity Fund

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

Virginia Investment Partnership & Major Eligible Employer Grants

The Virginia Investment Partnership (VIP) Grant and the Major Eligible Employer Grant (MEE) are discretionary performance incentives designed to encourage continued capital investment by Virginia companies, resulting in added capacity, modernization, increased productivity, or the creation, development and utilization of advanced technology.

The Virginia Economic Development Incentive Grant

The Virginia Economic Development Incentive Grant (VEDIG) is a discretionary performance incentive, designed to assist and encourage companies to invest and create new employment opportunities by locating significant headquarters, administrative or service sector operations in Virginia.

Virginia Job Investment Program (VJIP)

The Virginia Jobs Investment Program (VJIP) is a program that offers customized recruiting and training assistance to companies that are creating new jobs or experiencing technological change. The program is designed to reduce the human resource development cost of new and expanding companies.

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

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

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
- Day Care Facility Investment Tax Credit
- Worker Retraining Tax Credit
- Virginia Port Tax Credit Programs
- Research and Development Tax Credit
- Green Job Creation Tax Credit

The Clean Energy Manufacturing Incentive Grant

The Clean Energy Manufacturing Incentive Grant (CEMIG) is a discretionary performance incentive, designed to encourage clean energy manufacturers to grow in Virginia.

Economic Development Access Program

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

Transportation Partnership Opportunity Fund

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

Rail Industry Access Program

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

Industrial Revitalization Fund

The Industrial Revitalization Fund (IRF) leverages local and private resources to achieve market-driven redevelopment of vacant and deteriorated industrial and commercial properties.

The program is targeted toward vacant non-residential structures that create physical and economic blight to their area due to their poor conditions. Eligible properties shall include those formerly used for manufacturing, warehousing, mining, transportation and power production, as well as large-scale white elephant structures, such as department stores, theaters, hotels and shopping centers. Structures for which the original intended use was solely residential are not eligible.

Only local governments (city, county or town), regional or local economic, or industrial development authorities may apply for the funds. However, localities may designate a redevelopment authority or other similar organization as the designated agent for implementation and administration of activities. Eligible applicants may also partner with private and nonprofit entities.

Contact Anna Bentson at anna.bentson@lynchburgva.gov for more information.

