



# City of Galax Incentive Guide



# Local Incentives

The City of Galax is located in southwest Virginia and is the business center for the Blue Ridge Crossroads region serving Galax, Carroll and Grayson counties. When your business is ready to invest in Galax, our workforce, and our region, we are ready to support your business through targeted investments that provide immediate returns and long-term benefits for Galax citizens. Below is a sample of incentives and credits available to eligible firms relocating to or expanding in Galax. All incentives are subject to modification, the availability of funds, and review and approval by the Galax Industrial Development Authority and Galax City Council. For more information, please contact the Galax City Manager at 276-236-5773.

## Enterprise Zones

The City of Galax boasts two Enterprise Zones providing investment incentives covering 637 acres of commercial property within our downtown, the main corridor along Rt. 58/E. Stuart Drive, and our industrial sites. 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. The City of Galax also offers incentives ....

### State 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.

### State 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.

### Local Enterprise Zone Grants

- **Real Estate Tax Abatement on Rehabilitated Commercial or Industrial Use** - Documented improvements to property or buildings that increase the assessed tax value. This is a prorated incentive spread over a 9-year period and is calculated as shown.

	<i>Year 1-5</i>	<i>Year 6</i>	<i>Year 7</i>	<i>Year 8</i>	<i>Year 9</i>	<i>Year 10</i>
<i>Pct. of abatement</i>	100%	80%	60%	40%	20%	0%

- Criteria
  - Property is located in Enterprise Zone
  - Must increase tax assessed value by at least 40% at the time of improvement in tax year in which Certificate of Occupancy is issued
- **Abatement of Business & Professional Occupational Tax for New Job Creation** – The City will abate a portion of the required BPOL tax based on jobs hired. The abatement is available to businesses that are subject to this taxation and that increase number of jobs over a three-year period from base year.
  - Criteria
    - Employees must work from business located within the zone.
    - Jobs must be a minimum of 30 hours per week and must be year-round and not subject to seasonal layoffs.
    - Business may establish a base year no more than 2 years prior to creation of the jobs.
    - | Number of Jobs | Year 1 | Year 2 | Year 3 |
|----------------|--------|--------|--------|
| 20 +           | 75%    | 50%    | 25%    |
| 10-19          | 60%    | 40%    | 20%    |
| 4-9            | 30%    | 20%    | 10%    |
- **Waiver of Utility Connections** - Costs of connection to publicly controlled utilities (water/sewer/broadband) are waived for new connections.
  - Criteria
    - Must be located within the zone.
    - Limited to one connection per utility to each business.
- **Waiver of Building, Zoning and Sign Permit Fees** - All permits are required, but costs for such fees are waived.
  - Criteria
    - Must be located within the zone.

## City of Galax and IDA Capital Investment Program

Incentive value in the form of cash, infrastructure improvements, or other support as determined by the City of Galax 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. During the term of the grant, the valuation is calculated as new investment above the current taxable value and must be maintained for the grant duration. This program includes a maximum incentive equivalent to 1.5% of the capital investment up to \$10 million or 1% of capital investment over \$10 million, with a cap of \$350,000.

## **City of Galax and IDA Job Creation Grant**

Grants in the form of cash, infrastructure improvements, or other support as determined by the City of Galax may be given to support small and large scale employment expansion. Grant value may be up to \$500 per job based on the annual payroll of FTE positions with health benefits for expansions up to 10 employees and up to \$1000 per job for each new job over 10. Requires annual payroll audit and a performance agreement.

## **Real Estate Historic Tax Credit**

In order to encourage improvements to those residential, commercial and industrial buildings located within the City's historic district, the Galax Historical Properties Tax Abatement Program allows for the abatement of a portion of the increase in the City real property taxes resulting in the completed improvements to eligible historic residential, commercial and industrial buildings within the historic district of the City of Galax. Taxes shall be paid only on the pre-rehabilitation value for the building for up to a maximum of 12 years, as determined by the amount of reinvestment, and factoring the average percentage of increase from a reassessment, as set forth above.

- An investment increasing the value of the property for between 20% and 39% shall be eligible to receive four years' abatement.
- An investment increasing property value of between 40% and 59% shall be eligible to receive eight years' abatement.
- An investment increasing the value of the property value 60% or more shall be eligible for the maximum abatement of 12 years.

Upon expiration of the relevant abatement period, taxes shall be paid on the full value of the property.

## **Industrial Park Property**

The Galax Industrial Development Authority owns and manages industrial and business property within the City of Galax. The City of Galax is also a member of the Blue Ridge Crossroads Economic Development Authority (BRCEDA), which owns and manages the Wildwood Commerce Park at I-77/Exit 19 and the Blue Ridge Crossroads Commerce Park property that abuts Galax and Grayson County Rt. 58. For major qualifying investments, the City, Galax IDA, or BRCEDA may offer sale or lease of the respective property at attractive rates (including incentivizing the property), build-to-lease or build-to-own arrangements, site preparation, infrastructure improvements, and/or other development assistance. Any transfer of property may be subject to a performance agreement with the respective entity.

## **Business Development Center Assistance**

The Crossroads Small Business Development Center provides business assistance services to entrepreneurs, new business owners and existing small business owners. The SBDC can assist with business and marketing plan development, as well as financing. For more information, contact Mandy Archer at the SBDC at **276-601-7727**.

# Virginia Incentives

Virginia is #1 on CNBC's and #4 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.vedp.org](http://www.vedp.org).

## **Tobacco Region Opportunity Fund**

The TROF program provides performance-based monetary grants and loans to localities in Virginia's tobacco producing region (as defined by the Commission) to assist in the creation of new jobs and investments, whether through new business attraction or existing business expansion. Grants and loans, awarded at the Commission's discretion, are evaluated in a manner consistent with the goals of the Commission and amounts are awarded commensurate with the project's impact on the community and/or region in which the project is locating. Evaluation of award amount is consistent throughout the region and is based on the following criteria: local unemployment rates, prevailing wage rates, number of new jobs, capital investment levels, industry type and the possibility of related economic multiplier effect.

The TROF program is designed to support the goal of the Commission to "develop a diverse economy in Southern and Southwest Virginia." This goal is measured by job creation, workforce participation rate, wealth, diversity of economy, and taxable assets. All measurements listed are increased when a new or expanding business in the tobacco region creates new jobs that pay more than prevailing wage and adds taxable assets to the local tax rolls.

## **Commonwealth Opportunity Fund**

The Commonwealth Opportunity Fund 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.

## **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.

**All** programs are subject to modification, the availability of funds and review and approval by the Office of the City Manager. Please visit [www.galaxva.com](http://www.galaxva.com) or call the City Manager's office at 276-236-5773 for the most current information.