

GO Virginia economic development plan speeds out of House committee

By Michael Martz | Richmond Times-Dispatch | Wed 3 Feb 2016

A new initiative to cultivate regional cooperation in developing business prospects is all systems go in the House of Delegates, propelled by the Republican leadership working in close harmony with Democratic Gov. Terry McAuliffe.

The House Appropriations Committee voted quickly and unanimously Wednesday to approve the Virginia Growth and Opportunity Act, commonly known as GO Virginia, a priority of **powerful corporate interests who want to bring together educational institutions, local governments, and private industries in regional alliances to promote economic development.** The committee also voted unanimously for the Virginia Collaborative Economic Development Act, a companion bill that would allow newly formed regional councils to award performance grants to projects that create jobs and capital investment in communities across the state.

"I really like the concept — it's very bottom-up," said House Majority Leader M. Kirkland Cox, R-Colonial Heights, who introduced House Bill 834, the principal vehicle for the initiative. His bill and House Bill 846, sponsored by Del. Timothy D. Hugo, R-Fairfax, chairman of the House Republic Caucus, would create **two funds: one administered by a new state board of legislators and business leaders, and the other by regional councils.** But the money to finance the initiative would come from the two-year, \$109 billion budget proposed by McAuliffe, who wants \$25.9 million for GO Virginia as well as an additional \$12.9 million that would come from the estimated \$157 million in state budget savings by expanding Virginia's Medicaid program under the Affordable Care Act.

"That's the same pot of money" for both proposed funds, House Appropriations Chairman S. Chris Jones, R-Suffolk, reminded the committee. Jones said in an interview that the committee already has removed the proposal to expand Medicaid from the House version of the budget, so the additional money would have to come from savings elsewhere in the spending plan. "It's premature to say what is going to stay in the budget as far as economic development," he said.

The swift action in the House was foreshadowed by a speech on the House floor by Cox, who promised that the regional initiative would not increase bureaucracy or raise taxes. "It brings to life real projects that have a real impact," he said. But the initiative also comes amid increasing **concern in the Appropriations and Senate Finance committees about the massive increase in state spending for economic development incentives** under McAuliffe and his Republican predecessor, Gov. Bob McDonnell. The Appropriations Committee received a staff report this week that estimated state spending on economic development incentives at \$679 million since 2010, McDonnell's first year in office, and a 283 percent increase since 2004-06.

The **GO Virginia initiative is driven by the Virginia Business Higher Education Council**, a 22-year-old organization of business and higher education leaders, including Dominion CEO Thomas F. Farrell II, Roanoke nursing home magnate W. Heywood Fralin, and former Landmark Communications CEO John O. "Dubby" Wynne, who attended the Appropriations Committee meeting Wednesday.

"We're lobbying for all of (the proposed budget funds), obviously," said Mark B. Hubbard, a lobbyist for McGuireWoods Consulting, whose chairman, Frank B. Atkinson, is a member of the council. "We think it's important to have the innovation and job creation that results from the incentives."