

One Man's Tomato Cage
By Delegate Albert C. Pollard, Jr.
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I was at the waste transfer station – “the dump” as it is more commonly called – and needed to toss some things into the metals box. As the attendant was helping me, our eyes locked on the same thing. Valuable, precious goods had gone in the dumpster. It seems that someone had the audacity to throw away about a half dozen perfectly good tomato cages.

After going through prerequisite “dump etiquette” of offering a finding to someone else...“No, really, you can have them, I have plenty at home.” The attendant commented on whoever threw away a perfectly good item, “Some people just have too much money.”

That comment – that value is in the eye of the beholder – got me to thinking about gaining the most value from our tax dollars used for economic development.

There has been a long running debate among economic development types about the best use of incentive money that is used to lure businesses. The first camp says that economic incentives should be used to create the best job which that dollar can buy. Under this thinking a \$1000 tax credit should create the highest paying job even if that job is in Northern Virginia - which already has plenty of high paying jobs. This theory is all about economic recovery of the tax expenditure. That is, it is the role of economic development to add to the state coffers.

The other school of thought - which I lean toward - says that the money should be spent in a way which increases the standard within a geographic region. Under this theory a \$1,000 tax credit might go to a very poor area of the state if a company merely offers wages that are at the state average. This theory is about a rising tide lifting all boats, which also adds to the state coffers.

This past legislative session, Governor McDonnell moved the ball in the right direction by sponsoring several revisions to Virginia's Major Business Facility Job Tax Credit.

One such revision lowers the threshold for qualifying jobs by amending the Major Business Facility Job Tax Credit. Current law provides a \$1,000 tax credit for major business facilities that create at least 100 qualified full-time jobs. This legislation decreases the threshold to 50 full-time jobs.

In enterprise zones or economically distressed areas like ours, the base or threshold is lowered from 50 newly created jobs to 25.

Clearly, in our area twenty five new jobs is significant and would be a real shot in the arm to our economies. Our counties are small and the wages (not income, which includes retirees) are below the state average. However, in Fairfax County or Virginia Beach, twenty five new jobs just wouldn't mean much.

But then again, a lot of those folks probably throw away tomato cages too.

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