

Virginia Domestic Production Coalition

For Immediate Release
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VA Domestic Production Coalition Requests General Assembly's Support

~Coalition Supports Governor's Budget Amendment~

Richmond, VA – The Virginia Domestic Production Coalition supports Governor Bob McDonnell's budget amendments that restore 2/3 of the Section 199 Domestic Production Deduction (DPD). This action improves HB 29 and HB 30 as they passed the General Assembly in regards to Virginia's conformity with the Internal Revenue Code (IRC).

HB 29 & HB 30 contained identical language that resulted in an income tax increase on industrial businesses valued at an estimated \$10 million in 2010, \$20 million in 2011, \$20 million in 2012, \$25 million in 2013 and \$30 million in 2014 and each year after. On March 17, the "Virginia Domestic Production Coalition" appealed to Governor McDonnell to help maintain Virginia's competitiveness, support domestic production jobs, and not raise income taxes on Virginia industry (<http://www.vamanufacturers.com/pdf/2010/March17NewsRelease.pdf>).

Governor McDonnell's amendments strike the phase-out of the Section 199 DPD which was critical to the affected industries. Additionally, the Governor's amendments freeze the 2010-2011 deduction at 2/3 of the Federal IRC deduction. Coalition members expressed appreciation for the Governor's restoring the DPD to levels companies have been used to for several years – 6% for qualified activities. On April 14, Governor McDonnell stated in his press release:

Nearly 70% of my spending amendments address job creation and economic development initiatives. Smart states are taking proactive steps today to encourage economic growth tomorrow, and Virginia will lead the way. I have asked the General Assembly to put more funds into the critically important Governor's Opportunity Fund, reinstate an important tax deduction for Virginia employers, and direct resources towards supporting businesses that provide good jobs for Virginia citizens. We need more good paying jobs in every part of Virginia."

Companies also expressed their hope that the Virginia General Assembly would restore the full Section 199 DPD (9%) as soon as possible in future sessions.

Members

ABC – Virginia Chapter; Roanoke Regional Chamber of Commerce; Virginia Chamber of Commerce; Virginia Coal Association; Virginia Homebuilders Association; Virginia Manufacturers Association; Virginia Production Alliance