



News ... News ... News ...

Jefferson Institute Chair: Virginia's Competitiveness Continues to Decline

4/13/2016 -- Michael W. Thompson, Chairman and President of the Thomas Jefferson Institute commented on yesterday's release of a study by the American Legislative Exchange Council (ALEC) examining the economic outlook of all 50 states. His statement follows:

"Virginia's competitiveness against other states continues its downward spiral.

This time the news comes from the rankings from the American Legislative Exchange Council (ALEC) and its annual "Rich States Poor States" analysis, examining each state's economic outlook. Virginia has moved from #4 in 2009 to #11 in 2014, and the state's ranking has now dropped to #13.

The Old Dominion must realize that it has to change the business dynamics in our state to cope with the changing environment. Our over-reliance on federal spending must come to an end: Simply put, the federal government is not going to be spending as much money in our state as in the past. Virginia's tax code hinders private sector development, and until we recognize and accept these facts the downward slide in our position vis-à-vis other states is likely to continue.

First, this analysis makes clear that the state's tax code needs to be modernized. High business taxes and gross receipts taxes severely suppress the creation of new businesses, which are vital for new job formation. Eliminating the out-of-date Business, Professional, Occupational License (BPOL) tax on gross receipts, the Machine and Tool Tax and the Merchants Capital tax makes tremendous good sense and the Jefferson Institute's tax model demonstrates that, done correctly, this alone can create tens of thousands of new jobs over the next five years.

Virginia's tax structure - both in corporate taxes and recently legislated tax changes over the last three years - are a key factor in the state's further drop in the annual ALEC report.

Secondly, Virginia needs to look at its underutilized asset -- university research capabilities - and determine how we can best use this sleeping giant to develop a thriving research hub with the private sector support as has been done in California's Silicon Valley, Boston's Route 28 corridor and North Carolina's Research Triangle.

Yesterday's report from ALEC is yet another wake up call to our political and business leadership. The time to act is now."

A copy of the ALEC report may be found by [clicking here](#).

Contact:

Michael W. Thompson

O: (703) 440-9447

M: (703) 608-9447