



VIRGINIA COALFIELD ECONOMIC DEVELOPMENT AUTHORITY

Southwest Virginia's e-Region



Presentation to MCPA

May 2025

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Virginia Coalfield Economic Development Authority (VCEDA)

- VCEDA is a unique regional economic development authority created by the Virginia General Assembly in 1988 to help enhance and diversify the economy of the seven-county, one-city coalfield region of Virginia (Buchanan, Dickenson, Lee, Russell, Scott, Tazewell and Wise Counties and the City of Norton)
- To our knowledge, there is no other organization like VCEDA in the United States.

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VCEDA



VCEDA Board

By statute, VCEDA has a 16-member board comprised of:

- 1 each from the board of supervisors of the 3 largest coal and natural gas producing counties in Virginia;
- 5 gubernatorial appointees;
- 1 from Virginia Economic Development Partnership;
- 1 from the Metallurgical Coal Producers Association;
- 2 from planning district commissions;
- 1 each from the 3 largest coal producers in Virginia; and
- 1 from the largest oil and gas producer in Virginia.



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Virginia Coalfields Expressway Authority



- An additional, more recent function of VCEDA, is providing staff assistance to the Virginia Coalfields Expressway Authority, which was created by the General Assembly in 2017 and became operational in 2020.



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VCEDA Funding

- **VCEDA is unique among regional economic development organizations in that it is funded from a portion of the severance taxes on the production of coal and natural gas in the seven-county, one-city Virginia coalfield region.**
- **In more recent years, VCEDA has also received some funding from the state of Virginia for various programs, however that is not a primary source of funding.**
- **The vast majority of VCEDA revenues remain from taxes paid by the coal and natural gas industries in Virginia.**

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VCEDA Marketing Activities

- VCEDA markets the seven-county, one-city region as *Southwest Virginia's e-Region* for the region's focus on electronic information technology, energy, education, emerging technologies, entrepreneurship and existing industries.



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Sampling of New Industry



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VCEDA: Manufacturing Case Study

Samuel Pressure Vessel Group



- **Samuel Pressure Vessel Group is a Canadian company that manufactures large steel pressure tanks. They were out of room at their original location outside the region. VCEDA provided a \$2.5 million loan to the Russell County IDA to purchase and upfit a building in Lebanon. The company averages around 300 employees here.**



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VCEDA: IT Case Study Foundever



- Sykes Enterprises (now Foundever) had an opportunity through one of its clients Frontier Secure to obtain the customer support for Intuit's TurboTax and Quickbooks products. VCEDA provided a \$5.6 million loan to the Wise County IDA to prepare a facility for the project, which employs nearly 1,000 agents including accountants.



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VCEDA: IT Case Study

CGI



- **CGI was looking for an alternative to offshore IT talent. VCEDA directly recruited CGI to consider the region and worked with the Russell County IDA to land CGI's first rural onshore center of excellence, which has employed 300-400 software developers and testers for nearly 20 years. VCEDA provided more than \$1.5 million in incentives.**



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VCEDA-Assisted Project Examples

- **Tempur Sealy** – manufactures Tempur Pedic mattresses
- **VFP, Inc.** – manufactures communications shelters
- **PBE Group** – manufactures coms devices & circuit boards
- **CGI** – software development and testing operation
- **Samuel Pressure Vessel Group** – pressure tank mfg.
- **Tate** – data center components manufacturer
- **Mineral Gap Data Center** – Tier III data center
- **Tadano Mantis Corp.** – crawler crane manufacturer
- **Virginia City Hybrid Energy Center** – 600MW hybrid plant
- **Paul's Fan Company** – industrial fan manufacturer
- **AMR-Pemco** – transformers and electrical structures
- **OnePartner** – Tier III commercial data center
- **Spearhead Trails** – regional ATV and multi-use trail system
- **Appalachian School of Law** – private law school
- **Appalachian College of Pharmacy** – private pharm school

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VCEDA Seed Capital Program

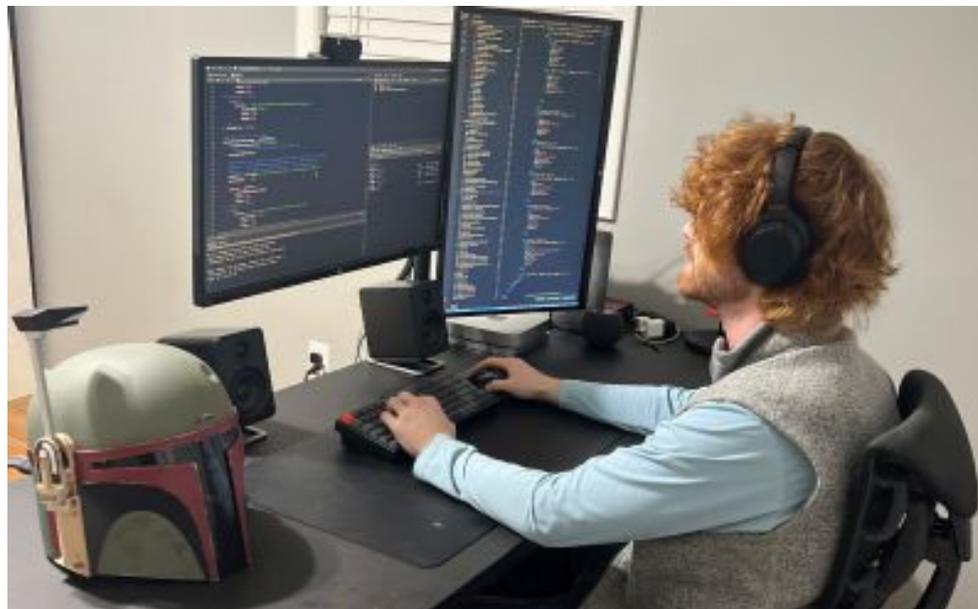
- In 2017, VCEDA implemented a Seed Capital Matching Fund which provides up to \$10,000 in matching grant funds to new start-ups. Since the program began in 2017, VCEDA has provided seed capital grants to 204 new small businesses spread throughout the entire region. The direct economic impact of these 204 small businesses is projected to be \$12 million in private investment and 1,508 full-time and part-time jobs within five years.
- According to a 2021 study of VCEDA's Seed Capital program by VT, the program had a 34:1 return on investment ratio for VCEDA in terms of the program's economic impact.



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Seed Capital Case Study: Arsenal Development LLC



- In 2021, VCEDA approved a \$10,000 seed capital grant to Arsenal Development LLC, a new technology start-up in Tazewell County owned by Jordan Bales. Jordan worked with the SBDC at Southwest Virginia Community College to develop his application and business plan. He serves small and mid-sized businesses with their technology needs, including website development, hosting, software development, machine learning and data analytics. 4 full-time and 6 part-time jobs are projected.



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Seed Capital Case Study: Nash Creamery



- In 2020, VCEDA approved a \$9,000 seed capital grant to Garland and Shelia Nash in Scott County to help start a new micro-dairy processing plant which they named Nash Creamery. The Nashes project 2 full-time and 6 part-time jobs and worked with the SBDC office at Mountain Empire Community College in the development of their application to VCEDA. The Scott County EDA also supported the project.



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Seed Capital Case Study: Oma's Haus LLC



- In 2022, VCEDA approved a \$10,000 seed capital grant to Oma's Haus LLC, a new German restaurant in Wise County operated by the mother and daughter team of Ulrike and Sonja Whalen. The Whalens project 4 full-time and 7 part-time jobs and worked with the SBDC office at Mountain Empire Community College in preparing their application and business plan to VCEDA. The Wise County IDA provided a letter of support for the project.



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VCEDA Impact

- VCEDA's important role in helping to bring jobs to the area, diversifying the regional economy and controlling regional unemployment rates has been verified by several studies, including a 2007 study completed by Virginia Tech and 2012, 2015, 2018, and 2025 studies completed by Chmura Economics & Analytics.
- According to the 2025 Chmura study, the total annual economic impact of VCEDA in Virginia is estimated to be \$12.8 billion that supported 53,051 jobs in 2024. This study also found that VCEDA has helped to significantly diversify the region's economy and considerably reduce the region's unemployment rate to 3.9% (only 1% less than the state average) based on the latest 2024 data.
- Without VCEDA, the study found the region's unemployment rate would be 15.8%.

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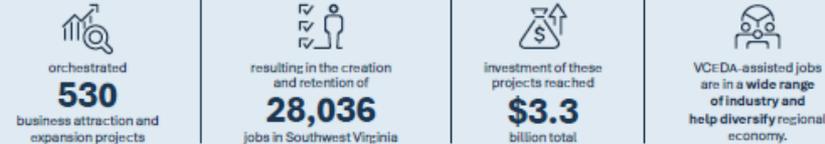
VCEDA Impact

Economic Impact of the Virginia Coalfield Economic Development Authority (VCEDA) in Southwest Virginia and Virginia

BACKGROUND FACTS:

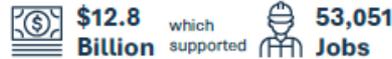
VCEDA was established by the General Assembly of Virginia in 1988

Since its establishment in 1988, VCEDA has successfully:

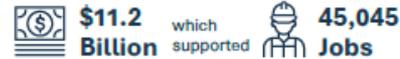


ECONOMIC IMPACT:

In the state of Virginia, Chmura estimated that the total annual economic impact (direct, indirect, and induced) of VCEDA-assisted businesses was:



Chmura estimated that the total economic impact (direct, indirect, and induced) of VCEDA-assisted businesses in Southwest Virginia stood at:



OTHER IMPACTS:

 VCEDA helped to significantly diversify the regional economy. In 2024, the industry diversity index of the region was 29.9%. However, without the jobs related to VCEDA, the diversity index would fall to 23.5%.

 VCEDA made considerable contributions to reducing unemployment in Southwest Virginia. Based on the latest 2024 data, the unemployment rate in the region was 3.9%. Without the jobs attracted to the region by VCEDA, the region's unemployment rate would rise to 15.8%.

 VCEDA-assisted jobs saved the state government an average of \$4.2 million per year from reduced government payments. Total savings were estimated at \$151.6 million from 1989 to 2024.



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2025 Chmura Study

- The recent study completed by Chmura looked at the economic impact of the coal industry in Virginia and specifically, in Southwest VA.
- The study only looked at Virginia, but found the estimated total economic impact of the coal industry in Virginia was \$2 Billion. In SWV alone, the impact is \$1.8 Billion.
- Tax revenues generated by the coal industry included \$29 million for Virginia; \$37 Million for local SWV governments; and \$43.4 Million in Federal income taxes.



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Economic Impact of the Coal Industry in Southwest Virginia and Virginia



BACKGROUND FACTS:

In **2024** total coal production in Virginia reached **8.6 million** short tons

Total employment in Virginia's coal industry was **2,511 in 2024**. Almost all of Virginia's coal industry employment (**98.7%**) was located in Southwest Virginia.



The coal industry **employed 2.7%** of the workforce in Southwest Virginia.



In Southwest Virginia, the coal industry pays a much higher wage than the overall regional average.

At \$101,268, the average coal industry salary in 2024 was more than twice as large as the region's average annual salary of \$45,926.

MORE THAN
2X
ANNUAL SALARY

ECONOMIC IMPACT:

The estimated total economic impact of the coal industry in Virginia, which includes direct, indirect, and induced effects, in 2024:

\$2.0 Billion supporting **6,372 Jobs**

The estimated total economic impact of the coal industry in Southwest Virginia, which includes direct, indirect, and induced effects, in 2024:

\$1.8 Billion supporting **5,085 Jobs**

In the Southwest Virginia region, the coal industry contributed in 2024:



TAX REVENUE:

In 2024, Chmura estimated the total tax revenue generated by the coal industry for:

Virginia State Government \$29.0 Million
Local Governments in Southwest Virginia \$37.0 Million
Federal Income Tax \$43.4 Million



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2025 Chmura Study

- The recent study completed by Chmura also looked at the economic impact of the gas industry in Virginia and specifically, in Southwest VA.
- The study only looked at Virginia, but found the estimated total economic impact of the gas industry in Virginia was \$772.4 Million. In SWV alone, the impact is \$481.7 Million.
- Tax revenues generated by the gas industry included \$5.8 million for Virginia; \$18.2 Million for local SWV governments; and \$12.7 Million in Federal income taxes.



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Economic Impact of the Natural Gas Industry in Southwest Virginia and Virginia



BACKGROUND FACTS:

In **2023** total production of natural gas in Virginia reached **83.4 billion** cubic feet

In 2024, the natural gas industry employed **692 workers** in Virginia.

Approximately **90% of Virginia's employment in the natural gas extraction industry** was concentrated in Southwest Virginia.



In Southwest Virginia, the natural gas industry pays much higher wages than the overall regional average.

At \$111,131, the average salary of natural gas industry in 2024 was more than twice as large as the regional average of \$45,926.

MORE THAN 2X ANNUAL SALARY

ECONOMIC IMPACT:

The estimated total economic impact of the natural gas industry in Virginia, which includes direct, indirect, and induced effects, in 2024:

\$772.4 Million supporting **2,368 Jobs**

The estimated total economic impact (direct, indirect, and induced) of the natural gas industry in Southwest Virginia, in 2024:

\$481.7 Million supporting **1,155 Jobs**

The productivity of regional natural gas industry is **significantly higher than the regional average.**

Each job in Southwest Virginia's natural gas industry can support an additional **1.6 jobs** in the region.

TAX REVENUE:

In 2024, Chmura estimated the total tax revenue generated by the natural gas industry for:

Virginia State Government: \$5.8 Million

Local Governments in Southwest Virginia: \$18.2 Million

Federal Income Tax: \$12.7 Million



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Conclusion:

Coal, Gas & VCEDA Impact

- VCEDA now has a nearly 40-year track record of significantly helping the economy of Virginia's coalfield region.
- VCEDA recognizes that none of that would be possible without the support of the coal and natural gas industries, not only through the taxes they pay but also their service on the VCEDA board and overall support of the organization.
- The economic and community impact of VCEDA is a benefit of the coal and natural gas industries in addition to the economic impact of those industries, which is very significant.



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Conclusion:

Coal, Gas & VCEDA Impact

- In addition to VCEDA's impact, the 2025 Chmura economic study found that the coal industry had a total economic impact in Virginia of \$2 billion in 2024 which supported 6,372 jobs, 5,085 of which were in Southwest Virginia.
- The natural gas industry in Virginia, which is predominately coalbed methane and coal mine methane, had a total impact of \$772 million in Virginia in 2024 supporting 2,368 jobs in Virginia, according to the 2025 Chmura study.
- Coal + Natural Gas + VCEDA = a great team.
- Thank you!

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