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Va. ponies up millions to add Northrop

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Virginia has agreed to pay defense giant Northrop Grumman as much as \$15 million to relocate its corporate headquarters to Virginia, Gov. Bob McDonnell said Tuesday.

The package includes payments from the Governor's Opportunity Fund and other grants, with little in tax credits, McDonnell told reporters at Northrop Grumman's Rosslyn office. The state, he argued, would reap twice that amount in tax revenue over the next decade from the company's 300 new high-level jobs.

"We'll have a return on our investment very quickly. ... It's a very good deal for our taxpayers," McDonnell said.

Northrop's windfall is the result of a months-long bidding war among Maryland, the District of Columbia and Virginia, a competition fueled as much by economic development as it was by regional pride and bragging rights among the three neighboring governments.

The decision to move the Los Angeles headquarters to the Old Dominion sets off a smaller, more localized battle between Fairfax and Arlington counties -- where the company is eyeing potential sites -- that likely will net Northrop additional benefits.

Both Democrats and Republicans hailed the relocation announcement as a boost for Virginia. Del. Dave Englin, D-Alexandria, called the state "obviously the best choice" and said the use of incentives was appropriate.

McDonnell tied the victory to the state's right-to-work laws, "good regulatory and tax climate," and business-friendly environment. Those properties, however, should have made the added incentives unnecessary, said Chris Edwards, director of tax policy studies at the libertarian Cato Institute.

"In a lot of ways, there is less argument [for Virginia] to be doing that sort of thing than states that are in a miserable situation like Michigan," Edwards said.

Northern Virginia provided Northrop Grumman "the best overall economic outcome" for its new

headquarters, Chief Executive Officer Wes Bush told reporters, also citing the proximity to the federal government, Northrop's biggest customer. He would not, however, elaborate on negotiations for the specific location.

"We are in final negotiations with several building owners and expect to announce a specific site within the next month," he said.

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