

CITY OF BUENA VISTA
TECHNOLOGY ZONES
Adopted by City Council: August 2004

Section 1: Purpose and Intent.

The city finds that the creation of two (2) local technology zones, with incentives for economic growth, as authorized by section 58.1-3850 of the Code of Virginia, will foster the development, maintenance and expansion of commercial and industrial businesses engaged in technological research and design and those using technologically advanced products for the benefit of the public health, safety, welfare and convenience through the enhancement of public revenues and the creation of employment opportunities.

Section 2: Administration.

The Administrator of the Buena Vista Technology Zones shall be the City Manager or his designee. The City Manager in consultation with the Commissioner of the Revenue shall be responsible for determining whether a business is a qualified technology business and, when necessary, interpret the extent and boundaries of the technology zones as set out below.

Section 3: Definitions.

For the purposes of this article, the following words and phrases shall have the meanings subscribed below, unless clearly indicated to the contrary.

- A. *Base year:* The calendar year preceding the first calendar year of the five-year qualification period a business requests technology zone incentives.
- B. *Broadband:* A catch-all term referring to any digital transmission speed of about 1.5 Mbps (megabits) or higher, usually used in the context of an internet connection. The most common forms of broadband internet connections are over cable TV lines and through Digital Subscriber Line (DSL) technology which uses standard copper phone lines. Broadband internet access is also available over satellite and fixed wireless connections.
- C. *Business:* Any corporation, partnership, electing small business (subchapter S) corporation, limited liability company or sole proprietorship authorized to conduct business in the Commonwealth of Virginia which possesses a valid business license from the city and is not in arrears on payment of taxes and fees to the city. The term *Business* does not include organizations which are exempt from state income tax on all income except unrelated business taxable income as defined in the Federal Internal Revenue Code, section 512.

- D. *Existing business*: A business actively engaged in the conduct of trade or business in the city prior to an area being designed as a technology zone.
- E. *Full-time employee*: An employee who is employed in a job for an indefinite duration at a business located in a technology zone and is required to work at least the minimum number of hours as determined by the Federal Government to qualify as a full-time employee per week for the entire normal year, in which the normal year must consist of forty-eight (48) weeks. Seasonal, temporary, leased or contract labor employees shall not qualify as full-time employees. An employee who works a minimum of twenty (20) hours per week can be combined with another employee that works a minimum of twenty (20) hours a week to equal one full-time employee.
- F. *Net capitalized investment*: An amount equal to the prior calendar year total cost plus current calendar year acquisitions less current calendar year dispositions.
- G. *New business*: A business not previously conducted in the city that begins operation in a technology zone after the technology zone was designated.
- H. *Qualified technology business*: A technology business that has met the qualifications set forth in this article.
- I. *Technology business*: A business, which derives its gross receipts from the design, development, manufacture or other creation, for lease, sale or license of technology based products, processes or related services. Technology based products, processes or related services are defined as engaging in the activity of automation, biotechnology, biomedical research, electronics, computer hardware, computer software, defense, energy, environmental, manufacturing equipment, advanced materials, medical applications, pharmaceuticals, photonics, electronic based subassemblies and components, testing and measurements, telecommunications, systems integration, multimedia, e-commerce, internet services, transportation, architecture and engineering or similar activities. In no case shall the use of computers or telecommunications services by a business in its internal operations qualify the business as a technology business unless the business can demonstrate that over 50% of its gross receipts are derived from broadband internet sales.

Section 4: Boundaries of Technology Zones.

There is hereby created two (2) technology zones within the city, to be named the “Downtown Technology Zone” and the “Industrial Districts Technology Zone”. The boundaries of the zones are respectively inside of an area defined as follows:

- C For the Downtown Technology Zone, the boundary shall be the area defined on attached map.
- C For the Industrial Districts Technology Zone, the boundary shall be all lands now or in the future zoned Industrial (I) as depicted on the official zoning map of the city.

Section 5: Qualifications

A. Existing Business

- 1. For an existing business to become a qualified technology business in the Downtown Technology Zone, the business must increase the average number of full-time employees in the technology zone by at least three (3) net new, full-time employees over the base year. The business must also demonstrate a new net capitalized investment of at least \$15,000.
- 2. For an existing business to become a qualified technology business in the Industrial Districts Technology Zone, the business must increase the average number of full-time employees in the technology zone by ten (10) percent over the base year. The business must also demonstrate a new net capitalized investment of at least \$150,000.

B. New Business

- 1. For a new business to become a qualified technology business in The Downtown Technology Zone, it must create a minimum average of three (3) full-time jobs and make a capital investment of at least \$20,000.
- 2. For a new business to become a qualified technology business in the Industrial Districts Technology Zone, the technology business must create a minimum of twenty-five (25) full-time jobs and make a capital investment of at least \$150,000.

C. Existing and New Business

- 1. For both technology zones, the added capital investment shall be established by the value of personal property, machinery & tools, and/or real estate owned for the operation of the qualified technology business. Such assets owned by a business firm which are moved into a technology zone from another location within the city shall not be included in the determination of the added capital investment.

2. Wages paid to the minimum threshold number of full-time employees needed to qualify must be equal to twice the federal minimum qualifying wage rate.
3. To retain qualifying status, a business firm must maintain the minimum qualifying employment and investment levels for each year for which incentives are requested.
4. The added full-time employment and investment thresholds must be met once to become a qualifying technology business and these thresholds maintained through year 5 in order to receive incentives each year.

D. Exceptions:

1. For an additional \$50,000 of net new capital investment above the minimum threshold, placed in the downtown technology zone, the investment can be substituted for a maximum of one full-time employee. For each additional \$50,000 of net new capital investment above the minimum threshold, placed in the industrial technology zone, the investment can be substituted for a maximum of five (5) full-time employees.
2. For each additional full-time employee hired to work in a technology zone above the minimum employment threshold, the increase in full-time employment above the threshold can substitute for \$10,000 worth of net new capital investment.
3. Acceptance by the city into the city's technology incubator provides a business with automatic qualified technology business status. Incubator businesses are excepted from meeting the qualifications of this section while housed within the incubator.

Section 6: Incentives for Qualified Technology Business.

A. Existing Businesses

1. Existing businesses, upon certification as a qualified technology business, shall:
 - a. receive a rebate of a percentage of the utility tax on local telephone usage, electric usage and cable television.
 - b. be exempted from a percentage of the business, machinery & tools, professional, and other occupational license taxes and fees. They shall also

have a percentage of business personal property rebated.

- c. The amount of each type of tax rebate or exemption above shall be a percentage of that tax paid or due by the qualified technology business each year. The percentage rebated or exempted each year after the base year shall be determined by the following schedule:

Year 1	50%
Year 2	50%
Year 3	50%
Year 4	50%
Year 5	50%

- 2. Year 1 is the calendar year in which the business becomes a qualified technology business if it qualified prior to June 30 of the year. Otherwise, year 1 shall be the year following the year in which the business becomes a qualified technology business. Qualified technology businesses shall receive the tax rebates or exemptions established by this article for five years. If a business ceases to be a qualified technology business during a year in which the rebates or exemptions apply, they shall be prorated for the months the business was a qualified technology business.
- 3. If a majority of the gross receipts of a qualified technology business is derived from the operations which qualify the business, all of its gross receipts shall be included in the rebates and exemptions.
- 4. If a minority of a business' gross receipts is derived from such operations, the rebates or exemptions shall be applied only to that part of the gross receipts which is based on the sales or services via such qualifying operations.
- 5. Existing businesses in the Industrial Districts Technology Zone also qualify for capital investment grants. These grants will be based solely on the net increase in capital investment made within the technology zone. The five-year capital investment grant will be calculated on the qualifying increase, net of any dispositions, in business personal property, real estate, and machinery and tool taxes paid by a qualified technology business. The grant will be equal to eighty (80) percent of fractional net increase in year one, sixty (60) percent in year two, forty (40) percent in year three, twenty (20) percent in year four, and twenty (20) percent in year five.

Grants will be administered through the City of Buena Vista Industrial Development Authority (IDA). The technology zone administrator is responsible for requesting budget appropriations from the city to the IDA to meet anticipated grants. Regarding

capital investments acquired through capital leases, taxes paid on such items shall be eligible for the capital investment grant incentives only when the grant recipient directly pays to the city applicable taxes for these items.

B. New Business

1. New businesses upon certification as a qualified technology business shall receive all of the benefits of existing businesses enumerated above, as well as the following for five (5) years:
 - a. rebated sewer and water connection fees.
 - b. rebated fees for development plan approved including site plan, zoning, subdivision, sign and building permit fees.
2. The fees identified will only be rebated if it can be demonstrated that one hundred (100) percent of the cost of new construction, expansion, or rehabilitation is to house or accommodate a qualified technology business.
3. For the purposes of calculating incentives, business license reduction and capital investment grants shall be calculated based on calendar year tax payments. The first year for which such incentives are calculated in the five-year incentive period shall be the first full calendar year following the year for which a business is first certified as a qualified technology business.

Section 7: Certification Procedure.

- A. A business seeking to obtain the benefits provided under the technology zone program must make an application to the technology zone administrator for certification as a qualified technology business. All applications shall be submitted annually to the Commissioner of the Revenue no later than May 1st and will be processed within sixty (60) days of the submission. Applications received after May 1st will not be eligible to receive technology zone incentives.
- B. Applications submitted for initial certification of either a new or existing business must be submitted no later than June thirtieth of the calendar year following the calendar year in which the business first became eligible to be a qualified technology business. Applications received after June thirtieth will not be eligible to receive technology zone incentives.

- C. The administrator will investigate and verify that each applicant is in compliance with the technology zone qualifications.
- D. After a business has been certified as a qualified technology business by the technology zone administrator, the business must annually submit an application prior to June thirtieth, indicating the number of full-time employees employed by the firm and the amount of license tax, real estate, business personal property, and / or machinery and tool taxes paid by the business firm during the incentive period. Applications must be signed by an official representative of the business firm authorized to sign on the firm's behalf.
- E. An existing Buena Vista business shall not qualify for the technology zone program by reorganizing or changing its form in a manner that does not alter the basis of the business assets or result in a taxable event.
- F. If a qualified technology business fails to pay in full the taxes imposed by the city by the due date, this will result in the forfeiture of the investment grant for that year upon a finding by the administrator that the tax account has been delinquent for sixty (60) days.
- G. If a qualified technology business files for bankruptcy during the five-year incentive period, this will result in the forfeiture of any portion remaining of the incentive grant.
- H. In the event that the qualifying average number of full-time employees falls below the threshold amount or the added investment dollars drop below the required threshold, the business firm will forfeit any portion remaining of the incentive grant.
- I. If a qualified business leaves the city during the initial five-year incentive period to conduct business from outside the city, the qualified business shall be required to repay the total of incentive benefits received. A business must sign an agreement to this effect before receiving benefits.
- J. If a qualified technology business leaves the city to conduct business in another location within five (5) years of completing the five-year incentive period, the business will be required to repay the city a prorated amount. The prorations will be based on the number of years the business stayed after the fifth and final year of receiving technology zone incentives. For example, if a qualified technology business leaves during the sixth through the tenth year after receiving technology zone incentives, the qualified business shall be required to repay a prorated amount equal to the following:
 - 6th year - the business must repay 80% of the total incentives received.
 - 7th year - the business must repay 60% of the total incentives received.
 - 8th year - the business must repay 40 % of the total incentives received.
 - 9th year - the business must repay 20% of the total incentives received.

10th year - the business must repay 20% of the total incentives received.

Section 8: Confidentiality.

To the extent permitted under the Virginia Freedom of Information Act, confidential business records shall be safeguarded from disclosure. The technology zone administrator, in establishing verification procedures with the commissioner of the revenue, shall ensure that all privacy concerns and rights are protected.

Section 9: Nonwaiver.

Unless expressly stated herein, this article shall not be construed to waive the requirement of any ordinance, regulation or policy of the city, including, but not limited to, those ordinances, regulations, and policies that require permits and approvals for land use and construction. Additionally, unless stated otherwise herein, nothing in this article shall be construed as waiving the right of the city to enforce its ordinances, regulations or policies or to collect any taxes, fees, fines, penalties or interest imposed by law on a qualified technology business or upon real or personal property owned or leased by a qualified technology business.

Section 10: Restrictions.

No qualified technology business may apply for or receive a tax or fee exemption under this article on the basis of a building permit issued or construction commenced prior to the establishment of the technology zone in which the property lies.

Section 11: Zoning Ordinance Not Affected.

This article is an economic development incentive and is not a zoning change. Nothing herein shall be construed to affect any provision or requirement of the zoning ordinance.

Section 12: Education and Promotion.

The technology zone administrator shall develop programs to educate the public and potential businesses of the benefits of the technology zone.

Section 13: Effective Date.

This article shall be effective on July 1, 2004.

