



MOTION:

**August 24, 2010
Regular Meeting
Ordinance No. 10-24**

SECOND:

RE: EXPANDING THE TECHNOLOGY ZONE TO ENCOMPASS THE ROUTE 1 CORRIDOR, THE DOWNTOWN/PRINCESS ANNE STREET TOURISM ZONE, "UPTOWN" AT CENTRAL PARK AND CENTRAL PARK-SILVER STREET; REDUCING THE ELIGIBILITY QUALIFICATIONS FOR ECONOMIC INCENTIVES; AND EXPANDING THE DEFINITION OF A "QUALIFIED TECHNOLOGY BUSINESS," BY AMENDING CITY CODE CHAPTER 22, "BUSINESSES," ARTICLE VI, "TECHNOLOGY ZONES," DIVISION 1, "ROUTE 3 CORRIDOR TECHNOLOGY ZONE."

ACTION: APPROVED: Ayes: 7 ; Nays: 0

FIRST READ: July 13, 2010 SECOND READ: August 24, 2010

IT IS HEREBY ORDAINED by the City Council of the City of Fredericksburg, Virginia, that Chapter 70 of the City Code is amended as follows:

SEC. I. Introduction.

Virginia Code §58.1-3850 authorizes Virginia localities to establish, by ordinance, one or more technology zones for the purpose of granting tax incentives and providing regulatory flexibility to qualified businesses. Fredericksburg adopted a technology zone when City Council adopted Ordinance 07-31 on July 10, 2007. This first technology zone was established for the Route 3 Corridor and it set certain eligibility requirements for companies who met the definition of a "qualified technology business."

To date, no new or existing business has been granted a tax incentive or regulatory flexibility through the Route 3 Corridor Technology Zone. City Council has therefore determined to amend the technology zone by expanding its geographical reach, reducing initial eligibility requirements, and amending the definition of a "qualified technology business." The purpose of the technology zone is to attract new businesses and to encourage the expansion of existing businesses that will make a substantial investment and create new technology-related jobs for the benefit of City taxpayers, residents and businesses.

SEC. II. City Code Amendment.

1. The title of Chapter 22, “Businesses,” Article VI, “Technology Zones,” Division 1 is hereby changed from “Route 3 Corridor Technology Zone” to “Fredericksburg Technology Zones.”
2. Fredericksburg City Code Section 22-600 is repealed and re-ordained as follows:

Sec. 22-600. Technology Zones created.

The following Technology Zones are hereby established in accordance with Chapter 38, Title 58.1 of the Code of Virginia 1950, as amended:

- (a) Route 3 Corridor Technology Zone: all of those properties adjoining U.S. Route 3 from Interstate 95 to Woodlyn Drive and all those properties adjoining Gateway Boulevard;
- (b) Route 1 Corridor Technology Zone: all those properties adjoining U.S. Route 1 on either side from the Rappahannock River to U.S. Route 3;
- (c) Downtown/Princess Anne Street Technology Zone: all that area designated as the Downtown/Princess Anne Street Corridor Tourism Zone in City Code section 22-501;
- (d) Uptown at Central Park Technology Zone: all that area in Central Park consisting of Tax Map Parcels 291-7-1320, 1340, 1380, 1400,1410, 1420, and 1440;
- (e) The Central Park-Silver Street Technology Zone: all that area in Central Park consisting of Tax Map Parcels 291-4-1211 and 1221.

3. Fredericksburg City Code Section 22-601 is repealed and re-ordained as follows:

Sec. 22-601. Eligibility and incentives.

- (a) The following businesses are eligible for the tax incentives and regulatory flexibility provided herein:
 1. An existing technology business that expands to create at least five new jobs or makes a new capital investment of at least one hundred twenty-five thousand dollars (\$125,000.00) in its property. An “existing business” is a business that was actively engaged in the conduct of trade or business within the City prior to submission of an application for technology zone incentives.
 2. A new technology business that creates at least ten new jobs or makes a capital investment of at least two hundred fifty thousand dollars in its property

(\$250,000.00). A “new business” is one that has not been actively engaged in the conduct of trade or business within the City prior to the submission of an application for technology zone incentives.

- (b) A “technology business” includes, but is not limited to, research, development, manufacture, or associated training of: applied, economic and social, physical, electronic and computer sciences; biotechnology, chemicals, computer hardware, computer security, computer software, data warehousing, electronics and circuits, energy, environmental, homeland security, information systems, Internet service, Internet software and data applications, manufacturing equipment, advanced materials, medical, finance related companies, multi-media production, pharmaceuticals, photonics, subassemblies and components, test and measurement, telecommunications or transportation. In no case shall the use of computers or telecommunications services by a business in its administrative operations, by itself, qualify as a technology business.
- (c) An eligible technology business may be awarded incentives in exchange for performance through an agreement approved by the City Council in accordance with the following parameters:
1. Reduction of the annual business license tax, as follows:
 - Years 1-3 – up to one hundred percent (100%)
 - Years 4 & 5 – up to fifty percent (50%)
 2. Performance grants through the Economic Development Authority based on tax revenue generation as follows:
 - a. Business machinery and tools tax:
 - Years 1-3 – up to one hundred percent (100%)
 - Years 4 & 5 – up to fifty percent (50%)
 - b. Other business personal property taxes:
 - Years 1 & 2 – up to thirty percent (30%)
 - Years 3 & 4 – up to fifty percent (50%)
 - Year 5 – up to seventy percent (70%)
 3. Reduction or waiver of permit fees and/or water and sewer availability fees;

4. The time periods for incentives established herein may be extended for up to six months to provide for the start-up of a business or expansion in mid-year.

(d) The City Council may also provide for regulatory flexibility within the technology zones, which may include, but not be limited to: (i) special zoning, (ii) permit process reform, (iii) exemption from ordinance, and any other incentives adopted by the ordinance, which shall be binding upon the City for a period of up to ten years.

4. Fredericksburg City Code Section 22-602 is repealed and re-ordained as follows:

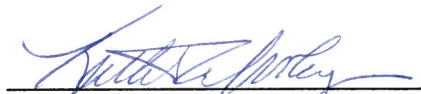
Sec. 22-602. Administration.

The city manager is authorized to administer the Technology Zones. The city manager is authorized to negotiate performance agreements with potential new or expanded businesses. The City Council shall have final approval authority for performance agreements.

SEC. III. Effective date.

This ordinance shall be effective immediately.


Approved as to form:



Kathleen Dooley, City Attorney

Clerk's Certificate

I, the undersigned, certify that I am Deputy Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Ordinance No. 10-24 duly adopted the City Council meeting held August 24, 2010 at which a quorum was present and voted.



Brenda T. Martin,
Deputy Clerk of Council