Legislation Details (With Text)

File #:	ORD. 2019-275	**Version:**	1	**Name:**	
Type:	Ordinance			**Status:**	Adopted
File created:	10/15/2019			**In control:**	City Council
On agenda:	2/28/2022			**Final action:**	2/28/2022

Title: To amend ch. 6 of the City Code by adding therein a new art. XII (§§ 6-596-6-602) to establish a technology zone program in accordance with Va. Code § 58.1-3850, for the purpose of facilitating the development and location of technology businesses in the city of Richmond, capital investment, and job creation. (As Amended)

Sponsors: Andreas Addison, Ann-Frances Lambert, Mayor Stoney, Kristen Nye, Michael Jones, Vice President Robertson, Stephanie Lynch, Katherine Jordan, Cynthia Newbille

Indexes:

Code sections:

Attachments: 1. Ord. No. 2019-275, 2. Administrative Impact Statement, 3. 20210726 Amendment of Ord. No. 2019-275, 4. 20220214 Amendment of Ord. No. 2019-275

Date	Ver.	Action By	Action	Result
2/28/2022	1	City Council	adopted	
2/14/2022	1	City Council	amended and continued	
1/10/2022	1	City Council	continued	
12/13/2021	1	City Council	continued	
11/8/2021	1	City Council	continued	
9/13/2021	1	City Council	continued	
7/26/2021	1	City Council	amended and continued	
7/15/2021	1	Finance and Economic Development Standing Committee	recommended for approval with amendment	
3/22/2021	1	City Council	continued and referred back	
3/18/2021	1	Finance and Economic Development Standing Committee	recommended for continuance	
2/22/2021	1	City Council	continued and referred back	
1/25/2021	1	City Council	continued and referred back	
1/21/2021	1	Finance and Economic Development Standing Committee	recommended for continuance	
1/11/2021	1	City Council	continued and referred back	
12/14/2020	1	City Council	continued and referred back	
9/28/2020	1	City Council	continued and referred back	
7/27/2020	1	City Council	continued and referred back	
6/22/2020	1	City Council	continued and referred back	
5/26/2020	1	City Council	continued and referred back	
4/27/2020	1	City Council	continued and referred back	

powered by Legistar™

2/24/2020	1	City Council	continued and referred back
1/27/2020	1	City Council	continued and referred back
12/9/2019	1	City Council	continued and referred back
11/12/2019	1	City Council	continued and referred back
10/14/2019	1	City Council	introduced and referred

To amend ch. 6 of the City Code by adding therein a new art. XII (§§ 6-596-6-602) to establish a technology zone program in accordance with Va. Code § 58.1-3850, for the purpose of facilitating the development and location of technology businesses in the city of Richmond, capital investment, and job creation. (As Amended)

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Chapter 6 of the Code of the City of Richmond (2015) be and hereby is **amended** and reordained by adding therein a new article number XII, consisting of sections numbered 6-596 through 6-602, as follows:

ARTICLE XII

TECHNOLOGY ZONE

Sec. 6-596. Purpose and intent.

In order to foster the development and location of new technology businesses in the city, which will increase capital investment and create jobs, the Council finds that the establishment of a technology zone pursuant to Code of Virginia, § 58.1-3850, is necessary.

Sec. 6-597. Administration.

The Chief Administrative Officer shall develop and publish procedures for applying for the benefits afforded by this article and for the administration of this article. Any application required by this article shall be on forms approved by the Chief Administrative Officer. The Chief Administrative Officer or the designee thereof shall review each application to determine an entity's eligibility to be certified as a qualified technology business. The Chief Administrative Officer shall review the criteria and incentives for the technology zone program annually to ensure alignment with the priorities and economic development strategy of the City and shall make recommendations to the Council if it is determined that the criteria or incentives should be modified.

Sec. 6-598. Burden.

Any entity applying for the benefits afforded by this chapter shall have the burden of proving qualification, shall file an application on forms approved by the Chief Administrative Officer for certification as a qualified technology business, as hereinafter defined, on an annual basis, and shall demonstrate annually that it continues to operate as a qualified technology business. No application submitted under this article shall be approved if the applicant is not then current in payment of all taxes and fees due to the City.

Sec. 6-599. Definitions.

For the purposes of this article, the terms and phrases, when used in this article, shall have the meaning ascribed to them in this section, except where the context clearly indicates that a different meaning is intended:

Definite place of business means an office or a fixed location within the technology zone where a regular and continuous course of dealing occurs over a period of 30 or more consecutive days.

Divested technology business means a new business resulting from the divestiture by an existing technology business located within the boundaries of the city of a subsidiary technology business when the subsidiary technology business is purchased or otherwise acquired by a new owner that is not an affiliate of the existing technology business and the resulting new technology business must, as a result of its divestiture, relocate from its existing place of business to a new place of business and subsequently conduct business in the technology zone for 18 consecutive months.

Expansion technology business means an existing technology business located within the technology zone that meets the new jobs incentive threshold criteria set forth in this section.

Net new jobs means the total number of jobs created by a qualified technology business for persons to be employed at a physical location within the boundaries of the technology zone, less the number of any jobs eliminated or moved to a physical location outside of the boundaries of the technology zone by such qualified technology business.

New technology business means a technology business that either (i) on a date after the effective date of the initial ordinance providing for this article, establishes its initial definite place of business at a physical

location within the boundaries of the technology zone and thereafter maintains its principal definite place of business at a physical location within the boundaries of the technology zone or (ii) on the effective date of the initial ordinance providing for this article, is an existing business with no definite place of business at a physical location within the boundaries of the technology zone and thereafter establishes for the first time and maintains its principal definite place of business at a physical location within the boundaries of the technology zone.

Qualified technology business means (i) either a new technology business or a divested technology business that (a) is within the boundaries of the technology zone established in this article and (b) either creates at least five new full-time jobs or makes a capital investment of at least $200,000.00 in either (1) tangible personal property or machinery and tools or (2) real estate improvements used exclusively in such business, or any combination thereof, or (ii) an expansion technology business (a) that is within the boundaries of the technology zone established in this article and (b) for businesses with 20 or fewer full-time employees, creates five net new jobs in any calendar year or, for businesses with over 20 full-time employees, creates net new jobs in any calendar year equal to 25 percent of its total number of full-time employees. The baseline number of employees is determined by the average number of employees reported to the Virginia Employment Commission in December of the year prior to the increase. The new jobs created and capital investment must be located at the business' definite place of business in the technology zone. The full-time job requirement may be met with part-time jobs using a full-time equivalency of 40 hours per week.

Technology business means a business that derives its gross receipts primarily from the sale, lease, license or provision of technology-based products, processes or services created, designed, developed, produced, manufactured or performed by such business. These products, processes and services must incorporate or support the use of innovative or advanced technologies having applications in one or more of the following categories:

(1) Cybersecurity, personal security and property security;

(2) Sea level rise and recurrent flooding;

(3) Medical devices, medical diagnostics, pharmaceuticals, biotechnology, biochemical engineering and other life sciences and health care technologies;

(4) Advanced materials and advanced manufacturing;

(5) Computer hardware and software;

(6) Electronics and instrumentation;

(7) Photonics and sensors;

(8) Internet and e-commerce;

(9) Educational and training technologies, including modeling and simulation; (10) Bio-informatics and data analytics;

(11) Logistics and maritime commerce;

(12) Information technology, telecommunications and wireless technologies;

(13) Green technologies, renewable energy research and development, and energy conservation;

(14) Advanced transportation technologies;

(15) Nanotechnology;

(16) Financial technology; and

(17) Aerospace engineering, systems, and products and parts manufacturing. The use of computers, telecommunications services, or a web page or internet site shall not, in itself, be sufficient to qualify as a technology business.

Technology zone means the area located within the boundaries of the City, as described in section 1.02 of the Charter.

Sec. 6-600. Technology zone incentives.

Notwithstanding any other provision of this Code and pursuant to Code of Virginia, § 58.1-3850, any entity that is certified as a qualified technology business in accordance with this article shall be entitled to a

reduction of its business, professional and occupational license tax imposed by Chapter 26 against gross receipts derived from its technology business as follows:

(a) If the qualified technology business is a new technology business, then:

(1) One hundred percent reduction in the calendar year during which the business is certified as a qualified technology business;

(2) One hundred percent reduction in year two of certification;

(3) Fifty percent reduction in year three of certification;

(4) Fifty percent reduction in year four of certification; and

(5) Fifty percent reduction in year five of certification.

(b) If the qualified technology business is a divested technology business, then:

(1) One hundred percent reduction in the calendar year during which the business is certified as a qualified technology business, prorated as of the effective date of its certification as a qualified technology business;

(2) One hundred percent reduction in year two of certification; and

(3) One hundred percent reduction in year three of operation, but only for such period of time that makes the total duration of the benefits afforded by this article to such divested technology business equal to two years.

(c) If the technology business is an expansion technology business, then:

(1) Fifty percent reduction in each business tax year for which the new jobs incentive threshold is met, but in no event shall the benefits afforded to the expansion technology business be provided for more than five business tax years in any consecutive ten year period after the business' initial application for certification.

(d) In no event shall the benefits afforded to a qualified technology business pursuant to this chapter be greater than $100,000.00 in any given year of certification, and a qualified technology business may not roll

over any benefits which are in excess of such $100,000.00 maximum or which are not provided due to the five year maximum on expansion technology businesses to any successive years.

Sec. 6-601. Procedures to obtain technology zone incentives.

(a) It shall be the responsibility of the qualified technology business to apply for certification, to obtain the necessary business license, and to provide the necessary information in order to obtain the benefits afforded by this article.

(b) To qualify for the benefits afforded by this article, an entity must apply to the Chief Administrative Officer to be certified as a qualified technology business.

(c) A new technology business must apply to be certified as a qualified technology business within six months after obtaining a business license, except that a new technology business that obtained a business license after January 1, [~~2020~~] 2022, shall have until the later of January 1, [~~2021~~] 2023, or that date which is six months after obtaining a business license to apply to be certified.

(d) A divested technology businesses must apply to be certified as a qualified technology business within six months after its divestiture.

(e) An expansion technology business must apply to qualify as a qualified technology business within six months after the calendar year in which the qualifying expansion occurred.

(f) The tax reduction shall begin as of the month of certification of a technology business as a qualified technology business by the Chief Administrative Officer. The effective date of any certification of a divested technology business as a qualified technology business shall be no earlier than 18 months after the date of its relocation and commencement of business operations in a new definite place of business in the technology zone. To maintain eligibility for the tax reduction after the year of its initial certification as a qualified technology business, the business must reapply annually to the Chief Administrative Officer to demonstrate that it continues to be a qualified technology business. The tax reduction provided in this section shall apply to a qualified technology business that is a new technology business for no more than five calendar

years, including any partial initial calendar year, and to a qualified technology business that is a divested technology business for two years from the date of certification.

(g) A business certified to be a qualified technology business must have a business license, must pay the applicable fee, and is subject to the applicable provisions of Chapter 26. In order to receive a tax reduction under this section, the qualified technology business shall file a business license application annually with the Director of Finance and shall provide the Director of Finance with an annual certification from the Chief Administrative Officer that the business is a qualified technology business. The amount of gross receipts estimated to be earned from qualified technology business activities shall be set out in the license application and shall be subject to verification by the Director of Finance by audit or inspection of documents. All business license tax reductions are subject to adjustment by the Director of Finance based on actual gross receipts derived from the technology business operations of a qualified technology business. If a business is certified as a qualified technology business prior to payment of its business license tax liability to the City, such tax liability shall be reduced in accordance with the

applicable provisions of Section 6-600. If a business is certified a qualified technology business after it has paid its business license tax liability to the City in full, it shall receive a refund, without interest, in accordance with the applicable provisions of Section 6-600. No local taxes or fees may be outstanding at the time of application for the business license and reduction.

(h) If a business ceases to be a qualified technology business during a calendar year in which tax reductions apply, business license taxes shall be payable at one hundred percent of the tax amount imposed by Chapter 26, from the month the business ceased to be qualified until the end of the calendar year.

(i) Any license tax reduction authorized in this section shall be conditioned upon the applicant paying to the City all taxes and fees imposed by the City by the date upon which the any such tax or fee is due. In the event a qualified technology business is or becomes thirty or more days delinquent on any such local tax or fee, such business automatically forfeits any tax reduction authorized in this article.

Sec. 6-602. Nonwaiver.

powered by Legistar™

Unless stated otherwise herein, nothing in this article shall be construed as a waiver of 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.

§ 2. This ordinance shall be in force and effect [~~upon adoption~~] January 1, 2022.

powered by Legistar™