

# Technology *Zone*--Essentials

## Authorization

Technology Zones are authorized under the Tax Code of Virginia: 58.1-3850.

## What it is

A Technology Zone is an overlay of existing land use designations to allow for the use of incentives--as allowed by law--to recruit businesses with Technology manufacturing, services or research as their prime function—Caroline also specifies corporate headquarters for additional incentives.

**Qualifying Technology Firms are those that Invest at least \$1,000,000 and create five jobs at 10% above the County average wage rate.**

**If your firm is a qualified Technology Company, these incentives may apply:**

- *Year One of Operation: 100% Real Estate and BPOL Tax Rebate*
- *Years Two-Ten: 75% Real Estate Tax Rebate, BPOL Tax Rebate*
- *Five Years 100% rebate on Machine and Tool Taxes (Business Property), Succeeding Five Years at 75% rebate.*

Call or email Gary Wilson, Director of Economic Development to apply for a Technology *Zone* application.

**gwilson@co.caroline.va.us**

**804.633.4074**

23724 Rogers Clark Blvd.

Ruther Glen, VA 22546

**We Want Your Investment.**

**AN ORDINANCE TO ADOPT ARTICLE XVII OF THE CODE OF CAROLINE COUNTY TO PROVIDE FOR THE ESTABLISHMENT OF TECHNOLOGY ZONES IN THE COUNTY AND TO GRANT TAX INCENTIVES TO QUALIFYING BUSINESSES LOCATED THEREIN**

**WHEREAS**, Section 58.1-3850 of the *Code of Virginia*, 1950, as amended (the “**Code**”), authorizes any county, by ordinance, to establish one or more technology zones in which special tax incentives may be granted for not more than ten years in accordance with the provisions of such section and the Code;

**WHEREAS**, the Board of Supervisors of Caroline County, Virginia, has determined that the establishment of technology zones will provide incentives for economic growth by promoting economic development through business investment that engages in research, development, manufacturing, design, and services primarily through technology, biotechnology resulting in employment opportunities and secondary growth for its citizens;

**NOW, THEREFORE, BE IT ORDAINED** by the Board of Supervisors of Caroline County, Virginia, that:

1. The Code of Caroline County is hereby amended to add the following Article XVII and Sections 103-143 through 103-146 thereunder to Chapter 103, Taxation:

**ARTICLE XVII, Technology Zones [Adopted 7-30-2009]**

**§ 103-143. Definitions.**

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

*Business* means any corporation, partnership, electing small business (subchapter S) corporation, limited-liability company or sole proprietorship authorized to conduct business in the Commonwealth of Virginia. The term “business” does not include organizations that are exempt from state income tax on all income except unrelated business taxable income as defined in the Internal Revenue Code, Section 512; nor does it include homeowners associations as defined in the Internal Revenue Code, Section 528.

*Business Incentive Application* means an application available from the Caroline County Director of Economic Development and reviewed by Economic Development Department to qualify a business for incentives in the Technology Zones created by this article.

*Capital Investments* means funds used by a technology business to purchase Fixed Assets and not funds used for day-to-day operating expenses. Fixed Assets owned

by the technology business that are moved into the Technology Zone from another location within the county shall not be included in the calculation of capital investments.

*Existing Business* means a business that was actively engaged in the conduct of trade or business in the Caroline County prior to the adoption of this article.

*Fixed Asset* means long-lived tangible property owned by a technology business that is used by the technology business in the production of its income including real estate, plant, machinery and equipment.

*Internal Revenue Code* means the Internal Revenue Code of 1986, as amended, Title 26 of the United States Code.

*New Technology Business* means a technology business not already existing within Caroline County prior to the adoption of this article.

*Qualified Technology Business* means a technology business that has met and continues to meet the qualifications set forth in § 103-145.

*Technology Zone* means the geographic zones established under and described in § 103-144 hereafter.

#### **§ 103-144. Technology Zones.**

There are hereby established Technology Zones in Caroline County as designated on that certain map titled “Caroline County, Virginia, Technology Zones,” a copy of which is attached hereto and made a part hereof. All areas designated in the County’s Comprehensive Plan as primary and secondary growth areas shall also be designated as Technology Zones, whether or not so designated on the said map. Additional Technology Zones may be added by amendment to this Ordinance. The purpose of these Technology Zones is to provide economic incentives for eligible business entities, which make a substantial investment and create new jobs in such Zones.

#### **§ 103-145. Qualified Technology Businesses.**

- A. A new or expanded Qualified Technology Business in a Technology Zone shall be eligible for certain economic incentives. A Qualified Technology Business is one whose primary purpose is the design research, development or production of technology services, software or products. Existing Businesses are not qualified businesses, provided however, that an Existing Business located in a Technology Zone may apply pursuant to application process set forth in § 103-146 for a determination that it is a

Qualified Technology Business if it is located in a Technology Zone and is expanding its operations. The following businesses are considered to be Qualified Technology Businesses.

1. Design, or research and development of computer hardware or software, computer network protocols, information systems, Internet software, Internet data applications, data centers;
2. Production of multimedia products, training in the use of computer hardware or software or computerized mapping systems;
3. Development of technology related to health, security, national defense, telecommunications, data warehousing, desktop publishing, wireless technologies or virtual technologies;
4. Provision of internet services and business to business exchanges;
5. Research, design and manufacture and development of biotechnology, pharmaceutical or medical technologies or products;
6. Research, design and manufacture and development of electronics for lease, sale or license, including flexible printed circuits, custom integrated circuits, electronic assemblies, medical electronic displays;
7. Research, design, manufacture and development of electronic automobiles, buses and other transportation devices that do not use internal combustion engines as the primary means of propulsion;
8. Research, design, manufacture and development of alternate energy technology or the energy production from such sources; to include wind turbines, photovoltaic cells, fuel cells; and
9. Research and development related to computer and electronic systems, computer software, applied sciences, physical sciences.

B. Mere use of computers or technology in the course of business activity is insufficient to cause a business to be a Qualified Technology Business. Where there is a question of eligibility, the determination of whether a business is a Qualified Technology Business shall be made by the County Administrator or his designee.

**§ 103-146. Administration.**

The Economic Development Department shall develop criteria and guidelines for approval and adoption by the Board of Supervisors, including, but not limited to, the level of Capital Investment and other investment, including number of employees and salaries of those employees required for any particular incentive, including tax incentives permitted under Section 58.1-3850 of the Code. Business Incentive Application for the designation as a Qualified Technology Business shall be made to the Economic Development Department. Interested businesses should contact the Director of Economic Development for an application. The County Administrator is authorized to negotiate performance agreements with potential new or expanded Qualified Technology Businesses. The Board of Supervisors shall have final approval authority for all such performance agreements and any incentives granted thereunder.

2. The foregoing shall be effective immediately.

**Adopted this \_\_\_ day of \_\_\_\_\_, 2009.**

\_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Clerk