

Chapter 29
Incentive Zones
(ORDAINED AND ENACTED 06-12-2012)

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SEC. 29-1 Gate City Technology Zone

29.1.1 Short Title. This article shall be known and may be cited as the “Gate City Technology Zone Ordinance.”

29.1.2 Statement of Purpose. The Town of Gate City finds that the development of its commercial and industrial tax base requires incentives. The Virginia Technology Zones Act, § 58.1-3850 et seq., of the Code of Virginia, as amended, authorizes the establishment of one or more technology zones by ordinance. It is the purpose of the Technology Zone Act, and of this article, to stimulate business and industrial growth within the area so designated as the Gate City Technology Zone by means of local incentives more particularly set forth herein.

29.1.3 Administration. The technology zone administrator shall be the Town Manager or his designee. The Town Manager shall determine and publish the procedures for obtaining the benefits created by this chapter and for the administration of this chapter.

29.1.4 Definitions. As used in this article, the following definitions shall apply:

a. **Qualified Technology Business.** A qualified technology business is one engaged in the activities of research, development, or manufacture of commodities used in biotechnology, computer hardware or software, electronics, telecommunications, systems integration, testing and measurements, e-commerce, factory automation, internet services, subassemblies and components, medical and pharmaceutical products, photonics, advanced materials, architecture and engineering, defense, energy, and transportation. While there may be other business

categories that could be interpreted as technology businesses, the determination will be based upon the nature of the work and/or research involved. In no case will the use of computers or telecommunication devices or services used by a firm in its internal operations qualify the business as a technology business according to the guidelines herein.

b. Existing business. A business firm that was actively engaged in the conduct or trade or business in an area prior to such an area being designated as a technology zone or that was engaged in the conduct of trade or business in the Commonwealth and relocates to begin operation of a trade or business within the technology zone and whose primary operation is listed in this section.

c. New business. A business not previously conducted in the Commonwealth that begins operation in a technology zone after the zone was designated. A new business is also one created by the establishment of a new facility and new permanent full-time employment by an existing business firm in a technology zone and does not result in a net loss of permanent full-time employment outside the zone and whose primary operation is listed in this section.

To qualify, the company must have a minimum of three employees and an investment of at least \$10,000.00. The investment may be established by the value of personal property, real estate owned, or the value of a lease of real property for the operation of the technology business.

d. Technology Zone. The area as defined herein and declared by the Town of Gate City to be eligible for the benefits accruing under the Virginia Technology Zone Act,

Section 58.1-3850 et seq.

29.1.5 Boundaries. The technology zone shall be that area located within the following boundary lines: C-1 and C-2 Business District

29.1.6 Tax Rebates and Exemptions

a. Taxes Eligible for Rebate. Qualified technology businesses shall receive a rebate of percentage of the utility tax on local telephone usage, electric usage, electric usage and cable television usage.

b. Taxes Eligible for Exemption. Qualified technology businesses shall be exempted from a percentage of the following local taxes: The business, professional and occupational license taxes and fees

c. Amount of Rebate or Exemption. The amount of each type of tax rebate or exemption under

29.4.6 subsection (a) or (b) shall be a percentage of that tax paid or due by the qualified technology business each year. The percentage rebated or exempted each year shall be determined by the following schedule:

Year 1.....100%

Year 2.....	80%
Year 3.....	60%
Year 4.....	40%
Year 5.....	20%

Year 1 is the fiscal 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. Once a business has qualified as a technology business, it shall not be entitled to additional periods of five years or any parts thereof by reason of expansion or investment or number of employees. 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.

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.

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.

29.1.7 Water and Sewer Availability Charge. Qualified zone residents shall be rebated the connection fee imposed by the Town of Gate City on water and sewer connections.

29.1.8 Non-waiver. This article shall not be construed to waive the requirement of any application, permit, or approval from the City as mandated by other code sections. Nothing in this article shall be construed as waiving the right of the town of Gate City to collect any fines or penalties imposed by other sections of the code.

29.1.9 Restrictions. No business may apply for any rebate, exemption or waiver under this article on the basis of a building permit issued prior to the establishment of a technology zone.

29.2..... Gate City Tourism Zone

29.2.1 Short Title. This article shall be known and may be cited as the “Gate City Tourism Zone Ordinance.”

29.2.2 Statement of Purpose. The Town of Gate City finds that the development of its commercial and industrial tax base requires incentives. The Virginia Tourism Zones Act, § 58.1-3851 et seq., of the Code of Virginia, as amended, authorizes the establishment of one or more tourism zones by ordinance. It is the purpose of the Tourism Zone Act, and of this article, to stimulate business and industrial growth within the area so designated as the Gate City Tourism Zone by means of local incentives more particularly set forth herein.

29.2.3 Administration. The tourism zone administrator shall be the Town Manager or his designee. The Town Manager shall determine and publish the procedures for obtaining the benefits created by this chapter and for the administration of this chapter.

29.2.4 Definitions. As used in this article, the following definitions shall apply:

a. Qualified Tourism Business. A qualified tourism business is a business or not-for-profit organization physically located within the Town of Gate City and Tourism Zone, which by the determination of the Administrator, positively provides goods or services or activities for visitors. Examples may include, but are not limited to hotels, restaurants, music clubs, retail and/or businesses that advance the Town's strategic goals identified in the most recently adopted Economic Development Strategic Plan and the Town's Comprehensive Plan.

b. Existing business. A business that was actively engaged in the conduct or trade of business in an area prior to such an area being designated as a tourism zone or that was engaged in the conduct of trade or business in the Commonwealth and relocates to begin operation of a trade or business within the tourism zone and whose primary operation is listed in this section. Existing businesses within the boundaries of the tourism zone which qualify under any of the criteria set forth above shall be qualified for all applicable exemptions, but at the yearly rate at which they have currently been established.

c. New business. A business not previously conducted in the Commonwealth that begins operation in the tourism zone after the zone was designated. A new business is also one created by the establishment of a new facility and new permanent full-time employment by an existing business firm in the tourism zone and does not result in a net loss of permanent full-time employment outside the zone and whose primary operation is listed in this section.

d. To qualify, the company must have a minimum of three employees and an investment of at least \$10,000.00. The investment may be established by the value of personal property, real estate owned, or the value of a lease of real property for the operation of the tourism business.

29.2.5 Tourism Zone Boundaries. The tourism zone shall be that area located within the following boundary lines: C-1 and C-2 Business District. The areas defined herein and declared by the Town of Gate City to be eligible for the benefits of the tourism zone stated herein are granted to the Town by the Virginia Tourism Zone Act, Section 58.1-3851 et seq.

29.2.6 Tax Rebates and Exemptions

a. Taxes Eligible for Exemption. Qualified tourism businesses shall be exempted from a percentage of the following local taxes: The business, professional and occupational license taxes and fees.

b. Amount of Rebate or Exemption. The amount of each type of tax rebate or exemption under 29.2.6 subsection (a) or (b) shall be a percentage of that tax paid or due by the qualified technology business each year. The percentage rebated or exempted each year shall be determined by the following schedule:

Year 1.....	100%
Year 2.....	80%
Year 3.....	60%

Year 4.....40%
Year 5.....20%

In addition to the above mentioned eligible exemptions, all restaurants or businesses serving prepared or made to order food, which are required by ordinance to pay a monthly meals tax, shall have the following exemptions for their monthly meals tax applied:

Year 1.....75% per month
Year 2.....60% per month
Year 3.....45% per month
Year 4.....30% per month
Year 5.....15% per month

Year 1 is the fiscal year in which the business becomes a qualified tourism business. Qualified tourism businesses shall receive the tax rebates or exemptions established by this article for five years. Once a business has qualified as a tourism business, it shall not be entitled to additional periods of five years or any parts thereof by reason of expansion or investment or number of employees. If a business ceases to be a qualified tourism business during a year in which the rebates or exemptions apply, they shall be prorated for the months the business was a qualified tourism business.

If a majority of the gross receipts of a qualified tourism business is derived from the operations which qualify the business, all of its gross receipts shall be included in the rebates and exemptions.

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.

29.2.7 Water and Sewer Availability Charge. Qualified zone residents shall be rebated the connection fee imposed by the Town of Gate City on water and sewer connections.

29.2.8 Non-waiver. This article shall not be construed to waive the requirement of any application, permit, or approval from the Town as mandated by other code sections. Nothing in this article shall be construed as waiving the right of the Town of Gate City to collect any fines or penalties imposed by other sections of the code.

29.2.9 Restrictions. No business may apply for any rebate, exemption or waiver under this article on the basis of a building permit issued prior to the establishment of a tourism zone.

- 29.3..... Reserved**
- 29.4..... Reserved**
- 29.5..... Reserved**
- 29.6..... Effective Date**

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