


**ACTION ITEM
BOARD OF SUPERVISORS**

DATE. December 2, 2008

TO Board of Supervisors

FROM Tim Baroody 
Deputy County Administrator

ISSUE: Discuss Technology Zones

STAFF RECOMMENDATION N/A

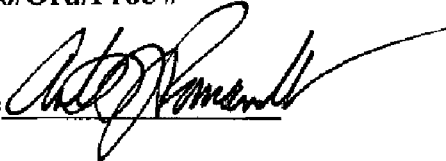
BUDGET IMPACT N/A

ATTACHMENTS (2)

[1] Background Report [] Reso/Ord/Proc #

[2] Technology Zones in Virginia [] Reso/Ord/Proc #

[] Reso/Ord/Proc #

REVIEW [X] County Administrator's Office 

[] Legal _____

[] Consent Agenda
[] Discussion Item
[X] New Business

[] Other Business
[] Presentation

[] Public Hearing
[] Unfinished Business

PRESENTATION BY Tim Baroody
Deputy County Administrator

ELECTION DISTRICT N/A

BACKGROUND REPORT

Technology Zones are business incentives permitted by the Section 58 1-3850 of the Code of Virginia (1950), as amended. These Zones have been created in many Virginia localities, and are increasingly being created to offer additional means to encourage economic development in the Commonwealth. Additionally, Technology Zones are recommended in the County's 2006 Economic Development Strategic Plan.

Technology Zones may provide incentives to spur economic growth through the attraction of technology or related businesses. The attraction of these businesses is widely believed to be a benefit to the County because technology related companies often offer higher wages, and higher end environmentally friendly facilities. Furthermore, technology businesses are a growing sector of Stafford's economy, and a targeted industry for the Department of Economic Development.

The Board may wish for Zones to be created at Boswell's Corner, Centerport Parkway and Celebrate Virginia. These areas, for example, offer locations that take advantage of existing favorable commercial land use policy, and already have proper access to major transportation arterials and utilities.

A Technology Zone in Boswell's Corner could capitalize on the BRAC related Quantico realignment, and complement the ongoing Redevelopment work in that area. Technology Zones at Centerport and Celebrate Virginia could encourage technology related companies to consider those areas.

Staff researched technology zone policies and interviewed officials from other Virginia jurisdictions. Various Commonwealth resources, including the Virginia Economic Development Partnership, were utilized while conducting background research. Overall, the research indicated that twenty-one localities across the state have used the state code provisions to create Technology Zones. Each jurisdiction operates its technology zone differently in order to address the needs of its respective commercial environment and the state code offers a range of options for localities.

Arlington County, for example, does not offer any cash incentives, rather they provide an advantageous location for technology businesses to cluster. Rockingham County designed their Technology Zones specifically around the needs of Coors Brewing Company and American Pharmaceuticals, and thus many of their provisions are narrowly tailored to the request of those companies. Smaller localities such as Falls Church and Charlottesville do not delineate any particular section of the city for the technology zone, rather the zone encompasses the entire city.

There was also variation in the types of incentives that different jurisdictions offered businesses locating within the technology zones. Incentives could include a reduction in business taxes, a commitment of expedited review of building plans, a rebate of utility fees and permitting fees.

In order for businesses to qualify for the Technology Zone incentives, it is proposed that they meet certain qualifications. It is envisioned that interested parties would begin by completing a qualification form available through the Department of Economic Development. If certain qualifications are met, the Department would bring that application to the Board. The Board could authorize from a menu of options, various incentive offerings to a prospective business. In addition to new businesses, existing businesses could also qualify to receive incentives if they met the specified criteria.

The Board could insist that businesses, new or existing, meet specific investment dollar thresholds and new employment and wage targets to be given consideration of potential Technology Zone incentives. Businesses could also be subject to "clawback" provisions which would ensure that taxpayer dollars would be returned to Stafford if the invested level and other commitments were not met as outlined in the agreement.

Technology Zones in Stafford could be an additional asset (or tool) to use when working to attract or retain major investment in our Community.

Cross-Section of Technology Zones in Virginia

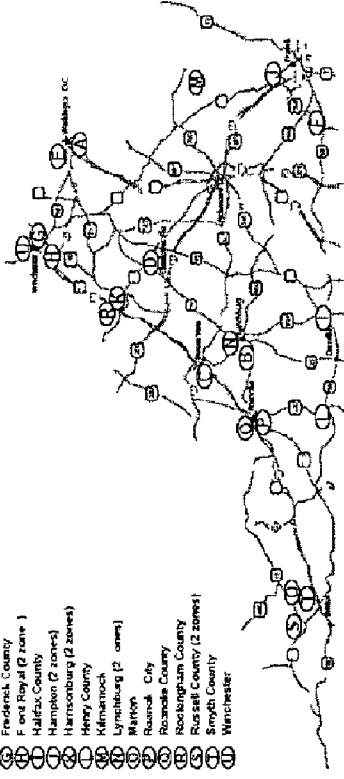
	Tax Relief	Permit Relief	Utilities Relief	Grants/Funds	Exemptions*	Disclosure**
Arlington County						
Bedford County	■	■				
Buena Vista	■	■	■			***
Charlottesville	■					
Falls Church	■					■
Franklin		■	■			■
Frederick County		■	■			■
Front Royal	■	■		■		***
Halifax County	■	■	■	■		■
Hampton	■	■		■		■
Harrisonburg	■	■	■		■	■
Henry County		■	■	■		■
Kilmarnock	■	■	■		■	***
Lynchburg	■	■		■		■
Manassas	■			■		***
Roanoke City				■		■
Roanoke County	■	■	■	■		■
Rockingham County	■			■		
Russell County	■					***
Smyth County				■		***
Winchester	■		■			■

*Harrisonburg and Henry County offer exemption from building rehabilitation codes Kilmarnock from automotive decal fees

**Disclosure refers to whether the locality spells out their incentives within the governing ordinance

***Unable to obtain information

- Arlington County (3 zones)
- Bedford County
- Buena Vista (2 zones)
- Charlottesville
- Falls Church
- Franklin
- Frederick County
- Front Royal (2 zones)
- Halifax County
- Hampton (2 zones)
- Harrisonburg (2 zones)
- Henry County
- Kilmarnock
- Lynchburg (2 zones)
- Manassas
- Roanoke City
- Roanoke County
- Rockingham County
- Russell County (2 zones)
- Smyth County
- Winchester



Types of Relief Used for Incentives

- **Tax Relief** Taxes on business licenses, machine tools and recordation
- **Permit Relief** Elimination of or reduction of permit, planning or zoning fees
- **Utility Relief** Fees for water and sewer related expenses are reduced, even eliminated, also in some cases electricity is subsidized

Other Information

- The technology zones in Charlottesville and Falls Church cover the entire jurisdiction
- Stafford's six comparison counties Albemarle, Fauquier, Loudoun, Hanover, Prince William, and Spotsylvania do not have technology zone(s)