

Date: January 24, 2012

AN ORDINANCE TO AMEND CHAPTER 22, TAXATION, OF THE CODE OF THE CITY OF MANASSAS PARK, VIRGINIA, TO PROVIDE FOR INCENTIVES TO ENCOURAGE NON-RESIDENTIAL DEVELOPMENT IN DESIGNATED REDEVELOPMENT DISTRICTS OF THE CITY, TO ENCOURAGE ASSEMBLAGE OF PARCELS FOR NON-RESIDENTIAL DEVELOPMENT IN DESIGNATED ECONOMIC REVITALIZATION ZONES OF THE CITY, AND TO ENCOURAGE BUSINESSES TO LOCATE OR EXPAND IN DESIGNATED TECHNOLOGY AND DEFENSE PRODUCTION ZONES OF THE CITY, PURSUANT TO SECTIONS 58.1-3219.4, 15.2-1129.2, 58.1-3850, AND 58.1-3853, RESPECTIVELY, OF THE CODE OF VIRGINIA

WHEREAS, the long-term goal of the Governing Body of the City of Manassas Park has been and continues to be the diversification of the City’s tax base so that governmental operations are not overly dependent upon residential real estate taxes; and

WHEREAS, despite the concerted efforts of City officers and employees, the non-residential tax base within Manassas Park has not increased enough to diversify the City’s tax base as desired; and

WHEREAS, in an effort to increase the non-residential portion of the City’s tax base, and thereby benefit the welfare of the citizens of Manassas Park, the Governing Body desires to create and establish (i) one or more redevelopment districts in accordance with section 58.1-3219.4 of the Code of Virginia; (ii) one or more local economic revitalization zones in accordance with section 15.2-1129.2 of the Code of Virginia; (iii) one or more local technology zones in accordance with section 58.1-3850 of the Code of Virginia; and (iv) one or more local defense production zones in accordance with section 58.1-3853 of the Code of Virginia.

NOW THEREFORE BE IT ORDAINED by the Governing Body of the City of Manassas Park that:

1. Chapter 22, Taxation, of the Code of the City of Manassas Park, Virginia, is hereby amended by adding a new Article XII to read as follows:

**“ARTICLE XII. INCENTIVES**

**DIVISION 1. IN GENERAL**

**Sec. 22-210. Purpose.**

The city finds that the development of its non-residential tax base requires incentives, and has determined that an appropriate method of offering such incentives is to create and establish (i) one or more redevelopment districts in accordance with section 58.1-3219.4 of the Code of

Virginia; (ii) one or more local economic revitalization zones in accordance with section 15.2-1129.2 of the Code of Virginia; (iii) one or more local technology zones in accordance with section 58.1-3850 of the Code of Virginia; and (iv) one or more local defense production zones in accordance with section 58.1-3853 of the Code of Virginia. The city believes that the creation and establishment of such districts and zones will improve the economic conditions of the city, which will in turn benefit the welfare of the citizens of the city.

**Sec. 22-211. Administration.**

- (a) The administrator of the districts and zones created and described in this article shall be the city manager or his designee(s). The administrator, in consultation with the commissioner of the revenue, shall determine and publish the procedures for obtaining the benefits created by this article and for the administration of this article.
- (b) The administrator shall be the single point-of-contact for qualified businesses to take advantage of the incentives described in this article, and shall provide recommendations as necessary to streamline the processes for a business to qualify for and obtain the incentives. Each business desiring to receive one or more of the incentives described in this article must first submit an application to the administrator describing which incentives are desired and the proposed performance measures.

**Sec. 22-212. Definitions.**

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*BPOL tax.* The business, professional and occupational license tax imposed and collected by the city pursuant to this chapter.

*Defense production zone.* A zone created to implement the incentives authorized by section 58.1-3853 of the Code of Virginia for defense production businesses, the boundaries of which are defined in the city's comprehensive plan

*Economic revitalization zone.* A zone created to implement the incentives authorized by section 15.2-1129.2 of the Code of Virginia for targeted businesses, the boundaries of which are defined in the city's comprehensive plan.

*Eligible business.* A business that meets both the general eligibility requirements set forth in section 22-213 below and the specific eligibility requirements for a district or zone.

*Incentive period.* The period of time established in a performance agreement during which an eligible business will receive one or more of the tax exemptions described in this article. The maximum length of an incentive period is ten (10) years. In addition, no incentive period shall extend beyond December 31, 2023.

*Incentive zoning district.* A zoning district established in chapter 31 for the purpose of providing one or more of the incentives authorized in a redevelopment district and/or an economic revitalization zone.

*Performance agreement.* An agreement entered into by an applicant and the city in which the applicant commits to certain performance measures in order to be eligible for one or more of the incentives described in this article.

*Performance measure.* An eligibility measure that must be maintained throughout an incentive period in order to continue receiving the tax exemption described in a performance agreement. Performance measures are listed in section 22-214 below.

*Qualifying defense production business.* A company or identifiable subdivision of a company that is engaged in, or performs functions ancillary to or in support of, the design, development, or production of materials, components, or equipment required to meet the needs of national defense and that expands or locates in a defense production zone.

*Qualifying technology business.* A company or identifiable subdivision of a company that has fifty percent (50%) or more of its gross receipts derived from research, development, manufacturing or rendering of advanced technological products or services and that expands or locates in a technology zone. In no case shall the use of computers or telecommunication services by a company or identifiable subdivision of a company in its administrative operations qualify such company or subdivision as a technology business.

*Real estate property tax.* The *ad valorem* tax on real property imposed and collected by the city pursuant to this chapter.

*Redevelopment district.* A district created to implement the incentives authorized by section 58.1-3219.4 of the Code of Virginia, the boundaries of which are defined in the city's comprehensive plan.

*Technology zone.* A zone created to implement the incentives authorized by section 58.1-3850 of the Code of Virginia for technology businesses, the boundaries of which are defined in the city's comprehensive plan.

### **Sec. 22-213. General eligibility requirements.**

- (a) In addition to the specific eligibility requirements established for each of the districts and zones described in this article, an applicant for one or more of the incentives described in this article must enter into a performance agreement with the city in which it commits to one or more of the following throughout the incentive period:
  - (1) The expansion or establishment, and continued operation, of a qualifying defense production business;
  - (2) The expansion or establishment, and continued operation, of a qualifying technology business;
  - (3) The hiring and continued employment of 10 or more new employees;
  - (4) The construction of 10,000 or more square feet of new construction or improvements, and continued operation of the business;

- (5) New or additional assessed value of real estate of at least \$100,000 per year resulting from new construction or improvements, and continued operation of the business.
- (6) New or additional gross receipts of at least \$100,000 per year resulting from expanded or newly established business, and continued operation of the business.

**Sec. 22-214. Calculation of tax exemption.**

- (a) Eighty percent (80%) of the additional assessed value of real estate attributed to new construction and/or improvements and eighty percent (80%) of the additional or new gross receipts attributed to new development, to a new or expanding defense production business, or to a new or expanding technology business are eligible for a tax exemption.
- (b) Each eligible business that enter into a performance agreement with the city shall receive the tax exemption for an incentive period determined by a point system. One point will be awarded for each of the following performance measures:
  - (1) The expansion or establishment, and continued operation, of a qualifying defense production business;
  - (2) The expansion or establishment, and continued operation, of a qualifying technology business;
  - (3) Each multiple of 10,000 square feet of new construction or improvements and continued operation of the business;
  - (4) Each multiple of 10 new employees hired, and continued employment by the business; and
  - (5) Each multiple of \$100,000 in new or additional gross receipts per year.

Regardless of the number of points awarded, the maximum length of an incentive period is ten (10) years. In addition, no incentive period shall extend beyond December 31, 2023.

- (c) The amount of tax exemption provided during an incentive period shall decrease by a pro rata amount each year. For example, a business awarded 4 points would be eligible for a 4 year incentive period. In year 1 of the incentive period the tax exemption would apply to 80% of the additional assessed value of real estate and/or gross receipts. This would be reduced by  $\frac{1}{4}$  each subsequent year, so that in year 2 the tax exemption would apply to 60%; in year 3 the tax exemption would apply to 40%; and in year 4 the tax exemption would apply to 20%. Thereafter, the business would be charged taxes on the full amount of the additional assessed value of real estate and/or gross receipts.

**Sec. 22-215. Performance agreement.**

- (a) Each performance agreement shall include a requirement, throughout the incentive period, that the applicant annually certify its eligibility for each tax exemption. If the

stated performance measures are not maintained throughout the incentive period, the administrator shall review the eligibility for tax exemptions and will either recalculate or terminate the exemption, as appropriate. In cases where the tax exemption is either recalculated or terminated, the administrator is authorized to re-establish the tax exemption for subsequent years at the rate set forth in the performance agreement if the business once again becomes eligible.

(b) Prior to entering into a performance agreement with an applicant, the administrator shall confirm with the commissioner of the revenue that no taxes or fees owed to the city are outstanding.

(c) Failure of a business to pay in full by the due date any taxes or fees imposed by the city shall result in the loss of the tax exemption(s) for the remainder of the current year. The city reserves the right to withdraw tax exempt eligibility from any business that is not compliant with any city ordinance, regulation or other legal requirement.

## **DIVISION 2. REDEVELOPMENT DISTRICTS.**

### **Sec. 22-216. Redevelopment districts created.**

There are hereby created three redevelopment districts, the boundaries of which are defined in the city's comprehensive plan, as follows:

- City Center Redevelopment District
- Conner Center Redevelopment District
- Four Corners Redevelopment District

### **Sec. 22-217. Incentive.**

Pursuant to this article and section 58.1-3219.4 of the Code of Virginia, a property owner may receive a limited exemption of real estate property tax on up to eighty percent (80%) of the additional assessed value of real estate within a redevelopment district that is attributed to new construction and/or improvements.

### **Sec. 22-218. Specific requirements for tax exemption.**

(a) In addition to the general eligibility requirements set forth in section 22-213 above, to be eligible for the tax exemption described in this division, the following are required:

- (1) The applicant must construct new structures on or make other improvements to real estate that is located in one of the redevelopment districts described in section 22-216 above.
- (2) The subject real estate must be rezoned to the appropriate incentive zoning district.

- (b) The new construction and/or improvements must be described in the performance agreement and must be completed prior to the business becoming fully eligible for a tax exemption.
- (c) An application for a tax exemption must be submitted to the administrator. Once the construction and/or improvements have been completed, the business must notify the administrator, who will then instruct the city's tax assessor to determine the new assessed value of the real estate. The difference between the previous year's assessed value and the assessed value following the completion of construction and/or improvements will be the increased assessed value for purposes of determining the amount of the tax exemption in accordance with section 22-214 above.

### **DIVISION 3. ECONOMIC REVITALIZATION ZONES.**

#### **Sec. 22-219. Economic revitalization zones created.**

There are hereby created three economic revitalization zones, which are coextensive with the three redevelopment districts described in section 22-216 above.

#### **Sec. 22-220. Incentives**

Pursuant to this article and section 15.2-1129.2 of the Code of Virginia, a property owner may receive the following incentives for assembling parcels of land for economic development:

- (a) A limited exemption of BPOL tax on up to eighty percent (80%) of the additional or new gross receipts attributed to new development on the assembled parcels of land;
- (b) A waiver of fees for rezoning the subject property;
- (c) A waiver of fees for site plan review; and
- (d) A waiver of site development and building permit fees.

#### **Sec. 22-221. Specific requirements for incentives.**

- (a) In addition to the general eligibility requirements set forth in section 22-213 above, to be eligible for the incentives described in this division, the following are required:
  - (1) The applicant must assemble one or more parcels suitable for economic development in one of the economic revitalization zones described in section 22-219 above.
  - (2) The subject real estate must be rezoned to the appropriate incentive zoning district.
- (b) A description of the economic development proposed for the assembled parcels of land must be included in the performance agreement and must be completed prior to the business becoming fully eligible for the tax exemption described in this division.

- (c) An application for incentives must be submitted to the administrator. Once the economic development on the assembled parcels has been completed, the business must notify the administrator, who will then request that the commissioner of the revenue determine the amount of new gross receipts attributable to the new economic development, which amount will be used to determine the amount of the tax exemption in accordance with section 22-214 above.

#### **DIVISION 4. TECHNOLOGY ZONE.**

##### **Sec. 22-222. Technology zone created.**

There is hereby created a technology zone, which is coextensive with the City Center Redevelopment District and the Conner Center Redevelopment District described in section 22-216 above.

##### **Sec. 22-223. Incentives**

Pursuant to this article and section 58.1-3850 of the Code of Virginia, a business owner may receive the following incentives for expanding or establishing a qualifying technology business:

- (a) A limited exemption of BPOL tax on up to eighty percent (80%) of the additional or new gross receipts attributed to the expanded or new qualifying technology business;
- (b) A waiver of fees for rezoning the subject property;
- (c) A waiver of fees for site plan review; and
- (d) A waiver of site development and building permit fees.

##### **Sec. 22-224. Specific requirements for incentives.**

- (a) In addition to the general eligibility requirements set forth in section 22-213 above, to be eligible for the incentives described in this division, the following are required:
  - (1) The applicant must expand or establish a qualifying technology business in the technology zone described in section 22-222 above.
  - (2) The subject real estate must be rezoned to the appropriate incentive zoning district.
- (b) A description of the qualifying technology business proposed must be included in the performance agreement. The expansion or establishment of the qualifying technology business must be completed prior to the business becoming fully eligible for the tax exemption described in this division.
- (c) An application for incentives must be submitted to the administrator. Once the expansion or establishment of the qualifying technology business has been completed, the business must notify the administrator, who will then request that the commissioner of the revenue

determine the amount of new gross receipts attributable to the expanded or newly established qualifying technology business, which amount will be used to determine the amount of the tax exemption in accordance with section 22-214 above.

## **DIVISION 5. DEFENSE PRODUCTION ZONE.**

### **Sec. 22-225. Defense production zone created.**

There is hereby created a defense production zone, which is coextensive with the Conner Center Redevelopment District described in section 22-216 above.

### **Sec. 22-226. Incentives**

Pursuant to this article and section 58.1-3853 of the Code of Virginia, a business owner may receive the following incentives for expanding or establishing a qualifying defense production business:

- (a) A limited exemption of BPOL tax on up to eighty percent (80%) of the additional or new gross receipts attributed to the expanded or new qualifying defense production business;
- (b) A waiver of fees for rezoning the subject property;
- (c) A waiver of fees for site plan review; and
- (d) A waiver of site development and building permit fees.

### **Sec. 22-227. Specific requirements for incentives.**

- (a) In addition to the general eligibility requirements set forth in section 22-213 above, to be eligible for the incentives described in this division, the following are required:
  - (1) The applicant must expand or establish a qualifying defense production business in the defense production zone described in section 22-225 above.
  - (2) The subject real estate must be rezoned to the appropriate incentive zoning district.
- (b) A description of the qualifying defense production business proposed must be included in the performance agreement. The expansion or establishment of the qualifying defense production business must be completed prior to the business becoming fully eligible for the tax exemption described in this division.
- (c) An application for incentives must be submitted to the administrator. Once the expansion or establishment of the qualifying defense production business has been completed, the business must notify the administrator, who will then request that the commissioner of the revenue determine the amount of new gross receipts attributable to the expanded or newly established qualifying defense production business, which amount will be used to determine the amount of the tax exemption in accordance with section 22-214 above.”

2. All sections of the Code of the City of Manassas Park, Virginia that are inconsistent with and/or in conflict with this Ordinance are hereby repealed.
3. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.
4. This Ordinance shall be effective upon its adoption.