I-95 Technology Zone Amendment

Presented by:
Departments of Economic Development
Amendments to the I-95 Technology Zone

On December 8, 2020 the City Council approved the proposed amendments to the I-95 Technology Zone to better define and clarify the existing sections listed below:

- Sec. 38-91 Definitions
- Sec. 38-93 Technology Zone Incentives
- Sec. 38-94 Procedure
- Sec. 38-95 Compliance
- Sec. 38-96 Confidentiality
Technology Zone

Background

**Enabling State Statute**
- Approved by the General Assembly of Virginia on April 2, 2002 (§ 58.1-3245.12)

**Approval**
- Approved initially by Council on July 15, 2003 (Ordinance No. 03-52)
- Amended on October 21, 2014 (Ordinance No. 14-101)
- Amended on October 6, 2020 (Ordinance No. 193-2020)
- Amended on November 8, 2020 (Ordinance No. 67-2020)

**Purpose**
To allow and encourage certain classes of high technology business activities (pharmaceutical research and development, manufacturing and/or production entities) that have special economic significance to the City due to the nature of the technology and potential for high growth in employment and capital investment.

**Incentive**
Per the approved ordinances, the incentive is equal to 100% of the machinery and tools taxes paid in years one through five; however, can be extended to a total of ten years.

**Process**
Applications are distributed to certified businesses each calendar year. Certified businesses must apply for the Technology Zone annually for the entire time they are part of the program.
I-95 Technology Zone Boundary Map
Machinery and Tools Tax

The Machinery & Tools Tax (M&T) is a local tax that taxes production-related machinery & tools used in manufacturing. In Petersburg, the machinery & tools tax rate is $3.80 per $100 assessed value.

The Code of Virginia authorizes the creation of Technology Zones which can provide tax incentives to stimulate economic development.

To secure Project Tube and match the VEDP incentive package of $5.7 million, Petersburg will be utilizing a credit for up-to $2.9 million generated in M&T tax generated from taxes from Civica.
Current Technology Zone Recipient: Ampac

Grant Period
Initial request: March 22, 2018
Potential Extension: March 22, 2023
Approved Amendment: Technology Zone Incentives

- Clarifies the process flow via the grant administrator and defines the eligible grant period for the Capital Investment grant.
Approved Amendment: Procedure

- Identifies the Grant Administrator as the entity to certify the application prior to routing to the Commissioner of Revenue.

- Clarifies how the amount of the credit is determined, and the duration of the grant period.
Approved Amendment: Compliance

• Clarifies the duration of the grant award and specifies the grant term.
Approved Amendment: Confidentiality

Clarifies that the grant administrator may establish verification procedures with the Commissioner of the Revenue to ensure that all privacy concerns and rights are protected.
Summary

Since 2003, the City of Petersburg has utilized the I-95 Technology Zone program as a tool to spur economic growth for specific high technology businesses to promote employment and capital investment. The ordinance proposed today is an attempt to clarify and simplify the program.

On November 5, 2020 the City Council voted to approve staff’s amendments to the I-95 Technology Zone to better define and clarify existing sections.
Questions & Comments?