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SENATE BILL NO. 970

Offered January 12, 2011

Prefiled January 11, 2011

A *BILL to amend the Code of Virginia by adding in Chapter 32 of Title 58.1 a section numbered 58.1-3245.13 and by adding in Chapter 38 of Title 58.1 an article numbered 10.1, consisting of a section numbered 58.1-3851.1, relating to Local Defense Manufacturing Zones.*

Patron—Marsh

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 32 of Title 58.1 a section numbered 58.1-3245.13 and by adding in Chapter 38 of Title 58.1 an article numbered 10.1, consisting of a section numbered 58.1-3851.1, as follows:

§ 58.1-3245.13. Local enterprise zone program for defense manufacturing zones.

The governing body of any county, city, or town may adopt a local enterprise zone development taxation program for a defense manufacturing zone, as described in § 58.1-3851.1, located within its boundaries, regardless of whether such defense manufacturing zone has been designated by the Governor as an enterprise zone pursuant to Chapter 49 (§ 59.1-538 et seq.) of Title 59.1. Such program for a defense manufacturing zone shall be adopted by local ordinance. All other provisions in this article as they relate to a local enterprise zone development taxation program for enterprise zones shall apply to such program for defense manufacturing zones.

Article 10.1.**Local Defense Manufacturing Zones.**

§ 58.1-3851.1. Creation of local defense manufacturing zones.

A. Any city, county, or town may establish, by ordinance, one or more defense manufacturing zones. Each locality may grant tax incentives and provide certain regulatory flexibility in a defense manufacturing zone.

B. The tax incentives may be provided for up to 10 years and may include but not be limited to (i) reduction of permit fees, (ii) reduction of user fees, and (iii) reduction of any type of gross receipts tax. The extent and duration of such incentive proposals shall conform to the requirements of the Constitutions of Virginia and of the United States.

C. The governing body may also provide for regulatory flexibility in such zone that may include but not be limited to (i) special zoning for the district, (ii) permit process reform, (iii) exemption from ordinances, and (iv) any other incentive adopted by ordinance, which shall be binding upon the locality for a period of up to 10 years.

D. Each locality establishing a defense manufacturing zone pursuant to this section may also adopt a local enterprise development taxation program for the defense manufacturing zone as provided in § 58.1-3245.13.

E. The establishment of a defense manufacturing zone shall not preclude the area from also being designated as an enterprise zone or technology zone.

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