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**HOUSE BILL NO. 1565**

Offered January 11, 2017

Prefiled January 1, 2017

A *BILL to amend and reenact § 58.1-3245.12 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 38 of Title 58.1 an article numbered 13, consisting of a section numbered 58.1-3854, relating to local fees, taxes, and regulations; green development zones.*

Patrons—Webert and Keam

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

1. That § 58.1-3245.12 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Chapter 38 of Title 58.1 an article numbered 13, consisting of a section numbered 58.1-3854, as follows:

§ 58.1-3245.12. Local enterprise zone program for technology, defense, or green development zones.

The governing body of any county, city, or town may also adopt a local enterprise zone development taxation program for a technology zone, as described in § 58.1-3850, ~~or~~ a defense production and support services zone, as described in § 58.1-3853, ~~or~~ a green development zone, as described in § 58.1-3854, located within its boundaries, regardless of whether such technology zone ~~or~~, defense production and support services zone, ~~or~~ green development 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 technology zone ~~or~~, defense production and support services zone, ~~or~~ green development 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 technology ~~or~~, defense production and support services, ~~or~~ green development ~~zones~~ zone.

*Article 13.**Local Green Development Zone.***§ 58.1-3854. Creation of local green development zones.**

A. As used in this section, unless the context requires a different meaning:

"Energy-efficient building" means a building that (i) exceeds the energy efficiency standards prescribed in the Virginia Uniform Statewide Building Code by at least 30 percent as determined by any qualified architect, professional engineer, or licensed contractor who is not related to the taxpayer and who shall certify to the taxpayer that he has qualifications to provide the certification; (ii) is certified to meet or exceed performance standards of the Green Globes Green Building Rating System of the Green Building Initiative; (iii) is certified to meet or exceed performance standards of the Leadership in Energy and Environmental Design (LEED) Green Building Rating System of the U.S. Green Building Council; or (iv) is certified to meet or exceed performance standards or guidelines under the EarthCraft House Program. Energy-efficient building certification for purposes of clause (ii), (iii), or (iv) shall be determined by (a) the granting of a certification under one of the programs in clauses (i) through (iv) that certifies that the building meets or exceeds the performance standards or guidelines of the program or (b) a qualified architect or professional engineer designated by the county, city, or town, who shall determine whether the building meets or exceeds the performance standards or guidelines under any program described in clauses (i) through (iv).

"Green development business" means a business engaged primarily in the design, development, or production of materials, components, or equipment used to reduce negative impact on the environment.

B. Any county, city, or town may establish, by ordinance, one or more green development zones. Each locality may grant tax incentives and provide certain regulatory flexibility to green development businesses located in a green development zone or to businesses operating in an energy-efficient building located in a green development zone.

C. 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 United States Constitution and the Constitution of Virginia.

D. The governing body may also provide for regulatory flexibility in such green technology zone, which 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.

**59**     *E. Each locality establishing a green development zone pursuant to this section may also adopt a*  
**60**     *local enterprise zone development taxation program for the green development zone as provided in*  
**61**     *§ 58.1-3245.12.*  
**62**     *F. The establishment of a green development zone shall not preclude the area from also being*  
**63**     *designated as an enterprise zone.*