

**AN ORDINANCE TO AMEND CHAPTER 14, TAXATION,  
OF THE KING GEORGE COUNTY CODE BY ADOPTING PROVISIONS TO  
DESIGNATE A DEFENSE PRODUCTION ZONE TO INCENTIVIZE PRIVATE  
ENTITIES TO INVEST IN KING GEORGE COUNTY IN DESIGNATED AREAS**

The Board of Supervisors of the County of King George, Virginia, in order to promote the health, safety, and welfare of its citizens, does hereby **ORDAIN** that Article X of Chapter 14 of the King George County Code be enacted as follows:

**ARTICLE X. DEFENSE PRODUCTION ZONE**

**Sec. 14-235. Definitions.**

- (a) *Application* means the form provided by the director to be filed by an applicant seeking approval of the proposed development of a qualifying parcel and the granting of economic and regulatory incentives pursuant to the terms of this article.
- (b) *Defense contractor* means a business, other than a defense production business, that is primarily engaged in providing services in support of national defense, including but not limited to logistics and technical support.
- (c) *Defense production business* means a business engaged in the design, development, or production of materials, components, or equipment required to meet the needs of national defense; or, a business ancillary to or in support of the design, development, or production of such materials, components, or equipment.
- (d) *Director* means the director of Economic Development or designee.
- (e) *Existing business* means a sole proprietor or business entity expanding the workforce at an existing facility at a location in the Defense Production District and/or physically expanding such facility or creating satellite offices within the Defense Production District. Workforce expansion for purposes of this definition excludes employees not primarily assigned to perform work from a location within the Defense Production District, and in the case of defense contractors, unless the director verifies a significant and bona fide risk of relocation of an existing, private business outside of the county, excludes workforce or facility expansion associated with a federal, state, or local agency contract renewal that does not substantially change the scope or volume of work of an incumbent contractor previously located within the county.
- (f) *New business* means a sole proprietor or business entity establishing a new facility at a location in the Defense Production District. This will include new construction; or, except in the case of business reorganization with substantially similar ownership or assignment to an affiliated entity of a prior property owner or lessee, renovation of an existing building to be the primary workspace or home office of employees of a defense contractor or defense production business.

- (g) *Permanent* means for purposes of this article that specified numbers of full-time employee positions are actively recruited and reasonable diligence is made to fill any vacancies for the duration of the relevant incentive period.
- (h) *Proposed development* means the proposed site design and uses submitted by the applicant(s) for approval under this Article.
- (i) *Qualifying property* means any or all of those parcels designated in section 14-236.

**Sec. 14-236. Defense Production District.** The following Defense Production Zones are established to consist of the settlement areas and parcels identified by Route 3 West Settlement Area, Dahlgren Settlement Area, Route 3 and 301 Settlement Area, and the parcels identified as Tax Parcel 17-72 (262 acres more or less), Tax Parcel 17-27 (13.730 acres more or less), Tax Parcel 17-27A (5.9 acres more or less), Tax Parcel 17-24 (222.913 acres more or less), Tax Parcel 33-94 (28.829 acres more or less), and Tax Parcel 33-95 (107.189 acres more or less). In the event that the Settlement Areas referenced herein are updated from the date of enactment of this ordinance, the Defense Production District shall apply to those newly established Settlement Areas and allow the continuation of any incentive agreements in place for the former Settlement Areas according to the term specified in those incentive agreements (if any). The boundaries of the tax parcels described herein shall be established by the record property descriptions associated with such tax parcels as of the date of the enactment of this ordinance.

**Sec. 14-237. Project Eligibility.**

- (a) For a new business applicant to be eligible for incentives pursuant to this article, it must meet all of the following criteria:
  - (1) Be either a defense contractor and/or defense production business that either expends a minimum of one million dollars (\$1,000,000) in real property or enhancement of existing structures or new construction within the defense production district; or makes an equivalent capital investment in equipment or machinery with situs for tax purposes within the district;
  - (2) Creates at least ten (10) net new permanent, full-time employment positions located within the county filled within the first three years from the issuance of a certificate of occupancy if expenditure eligibility is based on real property or improvement of real property, or within three years from submittal of an application; and
  - (3) If a commercial or industrial project, invests at least \$1,000,000 in tangible personal property or machinery and tools to have situs for tax purposes within the district for a minimum of three years.

- (b) For an existing business applicant to be eligible for incentives pursuant to this article, it must meet all of the following criteria:
- (1) Be either a defense contractor and/or defense production business that either expends a minimum of five hundred thousand (\$500,000) in real property or enhancement of existing structures or new construction within the defense production district; or makes an equivalent capital investment in equipment or machinery with situs for tax purposes within the district;
  - (2) Creates at least five (5) net new permanent, full-time employment positions located within the county filled within the first three years from the issuance of a certificate of occupancy if expenditure eligibility is based on real property or improvement of real property, or within three years from submittal of an application; and
  - (3) If a commercial or industrial project invests at least \$500,000 in tangible personal property or machinery and tolls to have situs for tax purposes within the district for a minimum of three years.

#### **Sec. 14-238. Application**

- (a) The director will determine and publish the procedure for submitting an application. Existing and prospective owners or tenants of properties located within the defense production district may submit an application to the director.
- (b) Such application must be submitted on forms provided by the director and include a description of the business, business plan, plan for development, and any additional schedules, plans, specifications, and an estimated fair market value of the real property upon completion.
- (c) Upon receipt of an application, the director will determine whether the application meets the eligibility criteria herein, the Economic Development Strategic Plan, and the Comprehensive Plan as applicable. If the application is found eligible, the director will forward it to the Commissioner of Revenue to calculate an estimated tax revenue based on the project proposal and existing tax rates. Any application failing to meet the eligibility criteria will be denied and will be reconsidered only after the missing criteria are met.
- (d) The director will submit an eligible application to the board of supervisors for approval either in conjunction with a concurrent rezoning application or separately for a by-right development proposal. No improvements made to real property are eligible for incentives pursuant to this article unless approved by the board of supervisors.

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**Sec. 14-239. Economic Incentives.** Economic incentives negotiated and reflected in writing in an executed in a performance agreement must be approved by the board of supervisors and King George Economic Development Authority and may not exceed a term of twenty (20) years. Performance agreements may specify an initial incentive period of less than twenty years with an option to extend the same or reduced incentives of up to a cumulative of twenty (20) years upon subsequent approval of the board of supervisors and King George Economic Development Authority. The applicant must abide by all terms in the performance agreement and this ordinance article to receive and retain economic incentives. Possible tax rebates or other incentives subject to performance agreement may extend in whole or part to one or more of the following:

- (a) Business, professional and occupational license taxes imposed by chapter 8 of the County Code, provided that rebates shall only be applicable to taxes directly attributable to gross receipts associated with a new or existing business;
- (b) Tangible business personal property taxes imposed by section 14-2 of the County Code;
- (c) Machinery and tools taxes imposed by the County Code and chapter 35, Title 58.1 of the Code of Virginia as amended, provided that rebates shall only be applicable to taxes assessed on the acquired machinery and tools directly attributable to a new or existing business;
- (d) Reduction of permit fees; and/or
- (e) Reduction of user fees.

**Sec. 14-240. Performance Agreement Provisions.** Performance agreements shall be drafted and submitted for approval as provided in section 14-239. All performance agreements must include the following mandatory provisions:

- (a) If a qualified defense contractor or defense production business fails to pay in full County taxes by the date(s) due, this will result in forfeiture of the defense production zone incentives for that year. For purposes of implementation of this provision, the qualified business consents for the Commissioner of Revenue to disclose the paid or unpaid status of taxes owed.
- (b) If a qualified defense contractor or defense production business files for bankruptcy during the term of a performance agreement, the performance agreement shall terminate and the business will be ineligible to receive any unpaid defense production zone incentives.
- (c) In the event that the defense contractor or defense production business ceases to be a qualified business, ceases to meet the minimum performance criteria, or ceases operation in the county during any year within the incentive period specified in the

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performance agreement, it shall be required to repay the total amount of defense production zone incentives received.

- (d) If a qualified defense contractor or defense production business fails to abide by all applicable County ordinances, provided that the qualified business may come into compliance within the time specified in a notice of violation in the case of zoning violations, the performance agreement shall terminate and the business will be ineligible to receive any unpaid defense production zone incentives. If the existence of the violation of a County ordinance is pending judicial determination, incentive payments that would otherwise come due during the pendency of the judicial determination shall not be dispersed but shall be paid within sixty days of the dismissal of all counts adverse to the qualified business (provided no appeal remains pending).

**Sec. 14-241. Performance Agreement Enforcement.** Unless otherwise specified in the executed performance agreement approved by the board of supervisors, a finding of default of a performance agreement provision as stated in section 14-240 (with the exception of the minimum performance eligibility criteria stated in section 14-237) shall be at the sole discretion of the board of supervisors. The board of supervisors, in consultation with the county administrator and county attorney, may find that a defense contractor or defense production business no longer meets qualifying criteria as stated in section 14-247, and the county administrator shall inform the business in writing of such finding and provide the business thirty (30) days to abate the noncompliance if abatement is possible.

**Sec. 14-242. Zoning Ordinance not Affected.** This article is not a zoning change. Nothing herein shall be construed as invalidating any provision or requirement of the zoning ordinance.

**Sec. 14-243. Non-exclusivity of Incentives.** Nothing herein shall be construed as limiting the board of supervisor's powers to grant other or different economic incentives permitted by other law to defense contractor or defense production businesses on a case-by-case basis and with or without the participation of the King George Economic Development Authority.

ADOPTED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF KING GEORGE, THIS \_\_ DAY OF JULY SEPTEMBER 2023.

APPROVED:

Richard Granger, Chair

Approved as to form:

Kelly J. Lackey, County Attorney

VOTE:

CATHY BINDER \_\_\_ AYE \_\_\_ NAY \_\_\_ ABSTAIN \_\_\_ ABSENT
TERENCE COLLINS \_\_\_ AYE \_\_\_ NAY \_\_\_ ABSTAIN \_\_\_ ABSENT
ANN C. CUPKA \_\_\_ AYE \_\_\_ NAY \_\_\_ ABSTAIN \_\_\_ ABSENT
RICHARD GRANGER \_\_\_ AYE \_\_\_ NAY \_\_\_ ABSTAIN \_\_\_ ABSENT
JEFFREY STONEHILL \_\_\_ AYE \_\_\_ NAY \_\_\_ ABSTAIN \_\_\_ ABSENT

ATTEST:

Christopher R. Miller
County Administrator
Clerk of the Board