

Technology Zone

INCENTIVE PROGRAM GUIDELINES

JANUARY 2023





I. Program Description

The city-wide Technology Zone Incentive provides qualified technology businesses with waived or reduced Business Professional Occupational License (BPOL) tax for up to five (5) tax years. This program encourages innovative technology businesses to locate and grow in the City of Richmond, Virginia.

II. What is a Technology Business?

For the purpose of certification, a “Technology Business” derives its gross receipts primarily from the sale, lease, license, or provision of technology-based products, processes, or services created, designed, developed, produced, manufactured, or performed by such business and that use innovative or advanced technologies in the following priority categories:*

Priority Categories

- Advanced materials and advanced manufacturing
- Advanced transportation technologies
- Aerospace engineering, systems, and products and parts manufacturing
- Artificial intelligence
- Autonomous robotics
- Bio-informatics and data analytics
- Computer hardware and software
- Cybersecurity, personal security, and property security
- Educational and training technologies, including modeling and simulation
- Electronics and instrumentation
- Financial technology
- Green technologies, renewable energy research and development, and energy conservation
- Internet and e-commerce
- Information technology, telecommunications, and wireless technologies
- Medical devices, medical diagnostics, pharmaceuticals, biotechnology, biochemical engineering, and other life sciences and healthcare technologies
- Nanotechnology
- Logistics and maritime commerce
- Photonics and sensors
- Sea level rise and recurrent flooding

III. Certification Criteria

The certification criteria and incentive benefits depend on whether the business is a new or expanding Richmond-based technology business.** All businesses must reapply for certification annually to receive the benefit.

* The use of computers, telecommunication services, or a web page or internet site is not sufficient to qualify as a technology business.

**New technology companies that result from the divestiture of an existing company may be eligible for the program. Contact the Department of Economic Development for additional details.



III (A). New Business Certification Criteria

To be certified as a new qualified technology business, a business must:

- Meet the definition of a technology business
 - Establish its place of business at a physical location within the City of Richmond on or after January 1, 2023
 - Create five (5) new full-time jobs*** based in Richmond, as reported to the Virginia Employment Commission
- or**
- Make at least \$200,000 in capital investment through tangible personal property and/or real estate improvements in the nine (9) months prior to receiving its certificate of occupancy
- Have a current City of Richmond business license and be current on all City of Richmond taxes
 - Apply to be certified as a qualified technology business within six (6) months after obtaining a business license. There is an exception for businesses that apply in the first year of the incentive program – new technology businesses that obtain a business license on or after January 1, 2023, shall have until the later of January 1, 2024, or the date which is six (6) months after obtaining a business license to apply.
 - Reapply annually

Table 1: New Business Program Benefit

Year	BPOL Reduction
1 & 2	100% in BPOL taxes up to \$100,000 value
3-5	50% reduction in BPOL taxes up to \$100,000 value

III (B). Expansion Business Criteria

To be certified as an expansion qualified technology business, a business must:

- Meet the definition of a technology business
- Be an existing Richmond-based business
- Create the following number of net new full-time jobs*** in a calendar year as reported to the Virginia Employment Commission:
 - Businesses with 20 or fewer full-time employees – create five (5) net new Richmond-based full-time jobs
 - Business with more than 20 full-time employees – create net new full-time jobs equal to 25 percent of its total number of full-time employees
- Apply within the six (6) months after the calendar year in which the qualifying employment expansion occurred

*** Full-time job requirements may be met with part-time jobs using a full-time equivalency of 40 hours a week.



III (B). Expansion Business Criteria (Continued)

- Have a current City of Richmond Business License and be current on all City of Richmond taxes
- Reapply and achieve net new job threshold annually

Table 2: Expansion Business Program Benefit

Year	BPOL Reduction
Up to five (5) years in a 10-year period	50% reduction in BPOL taxes up to \$100,000 value

IV. Program Compliance

- The Technology Zone Incentive is conditioned upon the applicant paying all taxes and fees imposed by the City by the date upon which any such tax or fee is due. In the event a qualified technology business is or becomes 30 or more days delinquent on any such local tax or fee, the business automatically forfeits any tax reduction benefit.
- If a business ceases to be a qualified technology business during a calendar year in which tax reductions apply, business license taxes shall be payable at one hundred percent from the month the business ceased to be qualified until the end of the calendar year.

V. Application and Certification Process

1. Contact Rick Winston with the City of Richmond Department of Economic Development to request an application
2. Submit application package
 - a. Completed and signed application
 - b. Business license
 - c. Certificate of occupancy
 - d. Recent quarterly reporting to Virginia Employment Commission to verify employee headcount, if applicable
 - e. Invoices, receipts, or tax filings to the City or Richmond demonstrating capital investment, if applicable
3. Receive qualified technology business certification memo from the Department of Economic Development
4. Provide any required supplemental information to the City of Richmond Department of Finance to process incentive benefit

Contact Information

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