

A. ENTERPRISE ZONE AMENDMENTOPENING STATEMENT

This public hearing is held pursuant to the Virginia Enterprise Zone Program Regulations to receive public comment on an application to the Commonwealth of Virginia to amend the Franklin-Southampton Enterprise Zone boundaries and the local Enterprise Zone incentives. Enterprise Zone designation is a state grant program that enables distressed localities to competitively market commercial and industrial areas within their communities for new business investment.

Following a brief presentation describing the boundary adjustments and proposed changes in associated incentives, those citizens who wish to speak to this matter may address their remarks to the Board.

The notice of this public hearing was published in the Tidewater News on October 3 and October 10, 2010. After conclusion of the public hearing, the Board of Supervisors will consider the comments offered this morning prior to consideration of a resolution endorsing the amendment application.

MOTION REQUIRED:

If the Board is so inclined, a motion is required to adopt the attached resolution.

A RESOLUTION
ENDORISING THE AMENDMENT APPLICATION FOR THE
VIRGINIA DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT'S
FRANKLIN SOUTHAMPTON ENTERPRISE ZONE

WHEREAS, the City of Franklin and Southampton County constitute the Franklin Southampton Enterprise Zone; and

WHEREAS, Southampton County deems it necessary to amend its boundaries of the Franklin Southampton Enterprise Zone; and

WHEREAS, Southampton County deems it necessary to amend its incentives of the Franklin Southampton Enterprise Zone; and

WHEREAS, it is required that all participating jurisdictions approve any amendment to the boundary of the Franklin Southampton Enterprise Zone.

THEREFORE BE IT RESOLVED, that the City of Franklin hereby approves the amendments to the Franklin Southampton Enterprise Zone as petitioned by Southampton County.

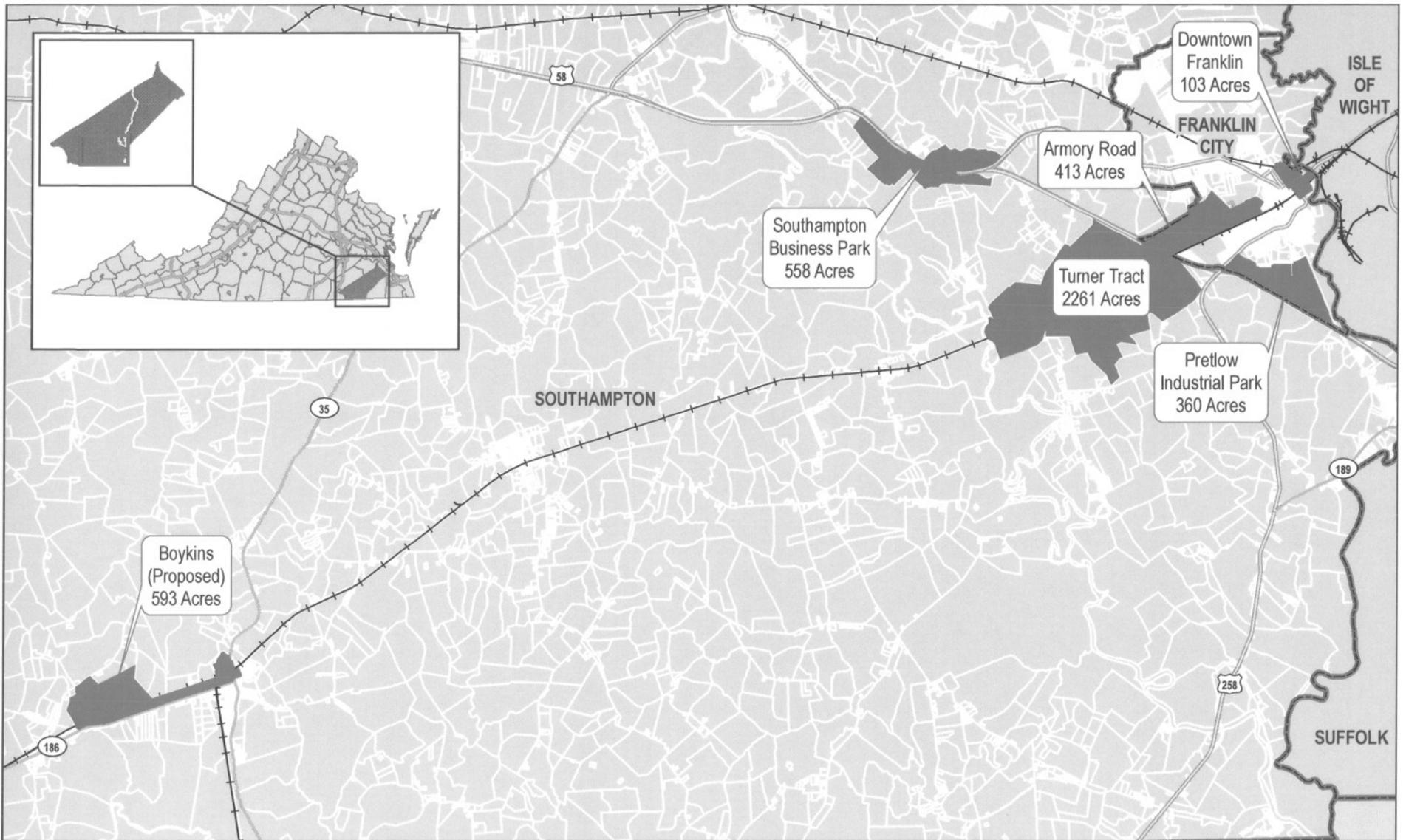
Adopted this 25th day of October, 2010.

Board of Supervisors

Dallas O. Jones, Chairman

ATTEST

Mike Johnson, Administrator

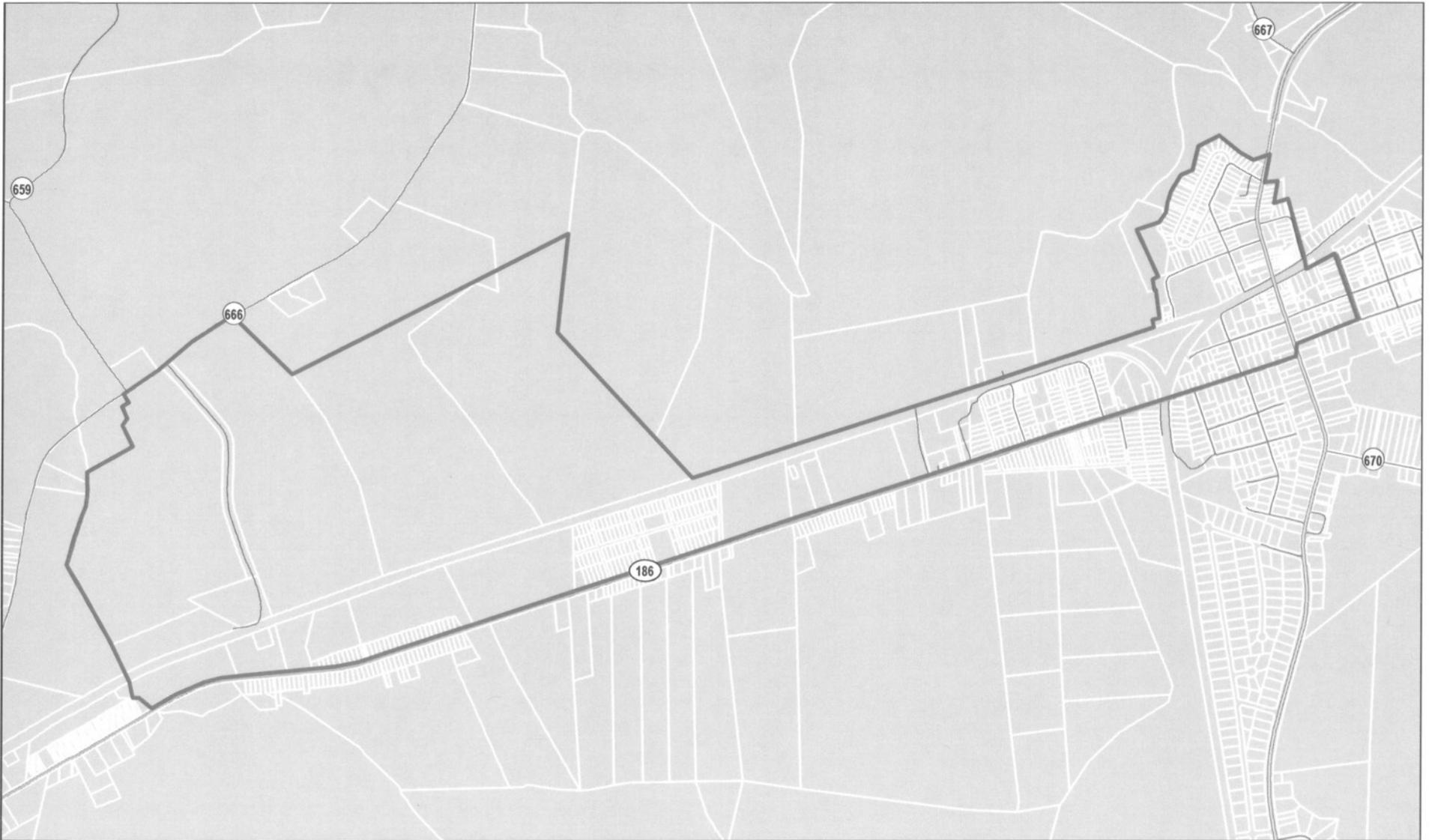


Proposed Southampton Franklin Joint Enterprise Zone

4,288 Acres

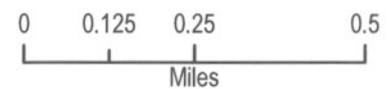


Sources: VEDP 2010, VGIN 2009, Southampton County 2009, Franklin City 2009
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Southhampton County Boykins Enterprise Zone Boundary Amendment (Proposed)

593 Acres



Sources: VEDP 2010, Southhampton County 2009

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Part 2 - Local Incentive Narrative (Complete one for each of the proposed incentives)

Proposed Enterprise Zone Name: Southampton County Enterprise Zone	
Incentive #: 1 Name: Discounted Purchase of County Owned Industrial Land Description: A reduction in the price of land per acre is discounted at intervals related to investment made. Investment being the sum of the improvements and machine & tool tax. Intervals are as follows <i>with example market pricing:</i> \$1,000,000 - \$5,000,000 - \$25,000 / acre \$5,000,001 - \$10,000,000 - \$15,000 / acre \$10,000,000 - \$15,000,000 - \$ 5,000 / acre \$15,000,001 or more - \$ 0 / acre	Locality/Provider: Southampton County
	Qualification Requirements: Commercial investment of improvements and machine & tool equaling \$500,000 or more. 10 acre maximum with approved site plan.
	Exclusive to Zone: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No, please explain how incentives will be tailored to Zone
Financial Value of Incentive: \$0 - \$250,000	Period of Availability: So long the land is publicly owned
Action to Implement: <input type="checkbox"/> Local Ordinance <input checked="" type="checkbox"/> Approval by Board <input type="checkbox"/> Other,	Effective Date: Current
	Source of Funds: Forgone Revenue Annual Budget Allocation, pending approval:
Incentive #: 2 Name: Enterprise Zone Rehabilitation Tax Grant <i>Building Rehabilitation Incentive</i> Description: Partial exemption from real estate taxes for qualifying rehabilitated structures. The initial increase in real estate taxes caused by rehabilitation will be excused for ten years. Year 1: Assessment \$100,000 <u>Improvements</u> \$100,000 New Assessment \$100,000 Year 5: Assessment \$300,000 <u>Year 1 Improvements</u> \$100,000 New Assessment \$200,000 <i>This incentive will attract investors and companies. Potentially small start-ups to help diversify the base, improve existing buildings, and market downtown Boykins - Branchville.</i>	Locality/Provider: Southampton County
	Qualification Requirements: Renovations in excess of \$5,000 on structures over 15 years of age.
	Exclusive to Zone: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No, please explain how incentives will be tailored to Zone
Financial Value of Incentive: Dependent on improvements made. (Tax: \$.72)	Period of Availability: Life of Enterprise Zone
Action to Implement: <input type="checkbox"/> Local Ordinance <input checked="" type="checkbox"/> Approval by Board of Supervisors <input type="checkbox"/> Other,	Effective Date: Upon Zone Designation
	Source of Funds: Forgone Revenue Annual Budget Allocation, pending approval:

Proposed Enterprise Zone Name: Southampton County Enterprise Zone

Incentive #: 3
Name: Machine & Tool Tax ~~Grant~~ Rebate
Description: Qualified companies can receive a 50% grant on machinery & tools taxes paid for a period of five years.

This incentive will serve to attract higher wage jobs and diversify the economic base.

Locality/Provider:
Southampton County

Qualification Requirements:
Commercial investment of improvements and machine & tool equaling ~~\$500,000~~ \$150,000 or more and providing an average salary 150% the federal minimum wage.

Exclusive to Zone:
 Yes
 No, please explain how incentives will be tailored to Zone

Period of Availability:
Life of Enterprise Zone

Financial Value of Incentive:
\$0 + (Machine & Tool Tax: \$2.40)
Dependent on value of machinery & tools invested.

Effective Date:
Upon Zone Designation

Action to Implement:
 Local Ordinance
 Approval by Board of Supervisors
 Other,

Source of Funds:
Forgone Revenue

Annual Budget Allocation, pending approval:

Incentive #: 4
Name: Electric Utility Tax ~~Grant~~ Rebate
Description: Qualified businesses shall receive a reduced percentage on their utility tax in decreasing amounts every year for five years.
Year 1 - 50%
Year 2 - 40%
Year 3 - 30%
Year 4 - 20%
Year 5 - 10%

This incentive will help entice companies with higher energy costs, attract small start-ups, diversify the economic base, and market downtown Boykins - Branchville.

Locality/Provider:
Southampton County

Qualification Requirements:
Commercial investment of improvements and machine & tool equaling ~~\$500,000~~ \$150,000 or more and employ 5 or more people.

Exclusive to Zone:
 Yes
 No, please explain how incentives will be tailored to Zone

Period of Availability:
Life of Enterprise Zone

Financial Value of Incentive:
\$0 + (rates vary with consumption)
Dependent on the amount of electricity used.

Effective Date:
Upon Zone Designation

Action to Implement:
 Local Ordinance
 Approval by Board
 Other,

Source of Funds:
Forgone Revenue

Annual Budget Allocation, pending approval:

Proposed Enterprise Zone Name: Southampton County Enterprise Zone

Incentive #: 5
Name: Exemption from Rebate of Building Code Permit Fees
Description: Exemption of certain permit fees with *qualifying* investments over \$500,000. Fees exemption is limited to building permits, rezoning, conditional use permits, variances and sign permits.

This incentive looks to entice companies by reducing their upfront construction costs, benefiting small start-ups and entrepreneurs.

Locality/Provider:
Southampton County

Qualification Requirements:
Commercial investment of improvements and machine & tool equaling \$500,000 or more and employ 5 or more people.

Exclusive to Zone:
 Yes
 No, please explain how incentives will be tailored to Zone

Period of Availability:
Life of Enterprise Zone

Financial Value of Incentive:
\$5,000 +
Dependent on the scope of the project

Effective Date:
Upon Zone Designation

Action to Implement:
 Local Ordinance
 Approval by Board
 Other,

Source of Funds:
Forgone Revenue

Annual Budget Allocation, pending approval:

Incentive #: 6
Name: Fast Track Permitting Process
Description: Staff will review a fast track designated project's site plan and provide written comments in not more than seven working days.

This incentive serves to attract companies looking to begin operations as soon as possible and save costs related to the planning and construction process.

Locality/Provider:
Southampton County

Qualification Requirements:
Commercial investment of improvements and machine & tool equaling \$500,000 or more and employ 5 or more people.

Exclusive to Zone:
 Yes
 No, please explain how incentives will be tailored to Zone

Period of Availability:
Life of Enterprise Zone

Financial Value of Incentive:
\$1,000's on interest loan costs.
Dependent on the scope of the project.

Effective Date:
Upon Zone Designation

Action to Implement:
 Local Ordinance
 Approval by Board
 Other,

Source of Funds:
Forgone Revenue

Annual Budget Allocation, pending approval:

Proposed Enterprise Zone Name: Southampton County Enterprise Zone

Incentive #: 7

Name: Temporary Office Space

Description: The county will attempt to provide free temporary office space for an administrative staff for up to 5 persons while their facility is under construction/renovation. Space will be provided for up to three months, after three months a fee and signed lease is required. If free temporary office space can not be met then the county will assist the company in searching for available short term space for lease.

This incentive will attract companies looking to begin operations as soon as possible, small start-ups, diversify the base, improve existing buildings, and downtown Boykins - Branchville.

Financial Value of Incentive:

\$500 +

Dependent on the amount of space and term of use.

Action to Implement:

- Local Ordinance
 Approval by Board
 Other,

Locality/Provider:

Southampton County

Qualification Requirements:

Commercial investment of improvements and machine & tool equaling \$500,000 or more and employ 5 or more people.

Exclusive to Zone:

- Yes
 No, please explain how incentives will be tailored to Zone

Period of Availability:

Life of Enterprise Zone

Effective Date:

Upon Zone Designation

Source of Funds:

Forgone Revenue

Annual Budget Allocation, pending approval:

Incentive #: 8

Name: Workforce Hiring & Screening Services

Description: Paul D. Camp Community College's Regional Workforce Development Center's One Stop Job Center will provide complimentary assistance in hiring personnel. Assistance includes but is not limited to job posting, applicant screening and applicant testing.

This incentive will attract companies looking to begin operations as soon as possible, educate small start-up and diversify the base.

Financial Value of Incentive:

\$1,000 +

Dependent on the number of personnel needed

Action to Implement:

- Local Ordinance
 Approval by Board of Supervisors
 Other, Approved by WDC

Locality/Provider:

Regional Workforce Development Center

Qualification Requirements:

Any company locating in an Enterprise Zone.

Exclusive to Zone:

- Yes
 No, please explain how incentives will be tailored to Zone

Period of Availability:

Life of Enterprise Zone

Effective Date:

Upon Zone Designation

Source of Funds:

Forgone Revenue

Annual Budget Allocation, pending approval:

Proposed Enterprise Zone Name: Southampton County Enterprise Zone

Incentive #: 9

Name: Job Profile Assessment

Description: Paul D. Camp Community College's Regional Workforce Development Center will work with qualified companies to take advantage of a reduced rate in conducting a job skills assessment and job skills level need.

This incentive will attract companies looking to begin operations as soon as possible, educate small start-ups and diversify the economic base.

Locality/Provider:

Regional Workforce Development Center

Qualification Requirements:

Commercial investment of improvements and machine & tool equaling \$500,000 or more and employ 10 or more people.

Exclusive to Zone:

Yes

No, please explain how incentives will be tailored to Zone

Period of Availability:

Life of Enterprise Zone

Financial Value of Incentive:

\$500 +

Dependent on the number of positions

Effective Date:

Upon Zone Designation

Action to Implement:

Local Ordinance

Approval by Board

Other, Approved by WDC

Source of Funds:

Forgone Revenue

Annual Budget Allocation, pending approval:

Incentive #: 10

Name: Welcome Wagon

Description: Local organizations and businesses will offer complimentary or discounted services to new businesses locating in an Enterprise Zone.

Locality/Provider:

Franklin Southampton Economic Development Inc.

Qualification Requirements:

Commercial investment of improvements and machine & tool equaling \$500,000 or more and employ 10 or more people.

Exclusive to Zone:

Yes

No, please explain how incentives will be tailored to Zone

Period of Availability:

Life of Enterprise Zone

Financial Value of Incentive:

\$500 +

Dependent on the number of positions

Effective Date:

Upon Zone Designation

Action to Implement:

Local Ordinance

Approval by Board

Other, Approved by FSEDI

Source of Funds:

Forgone Revenue

Annual Budget Allocation, pending approval:

Southampton County

Enterprise Zone Incentives Amendment

Machine & Tool Tax Incentive

\$100,000 investment - 50% rebate over 3 years

Nominal tax rate per \$100 of assessed valuation

Value used for tax purposes Original Cost - \$2.40

\$100,000 Equipment Value Estimate

Year	Assesment Ratio	\$100 Assessed Value	Tax	Tax Revenue	50% Rebate
1	80%	\$800	\$2.40	1,920	960
2	70%	\$700	\$2.40	1,680	840
3	60%	\$600	\$2.40	1,440	720

Total Rebate on Machine & Tool Tax Over 3 Years: \$2,520

Reduced Electric Utility Tax Rebate

\$100,000 investment - reduced utility tax over 3 years

Monthly Tax Rate = \$2.29 + \$0.015199/kWh on first 3,219 kWh, \$0.000365/kWh on excess. .

Monthly Tax Bill Not to Exceed \$1,500

2,000 kWh Per Month Estimate

Year	Tax per kWh	Monthly Tax	Annual Tax	Reduced Tax %	Annual Rebate	Max		
1	\$0.015199	\$30.40	\$364.78	50%	\$182.39	\$1,500	\$18,000	\$9,000
2	\$0.015199	\$30.40	\$364.78	40%	\$145.91	\$1,500	\$18,000	\$7,200
3	\$0.015199	\$30.40	\$364.78	30%	\$109.43	\$1,500	\$18,000	\$5,400

Total Rebate on Machine & Tool Tax Over 3 Years: \$437.73 \$21,600

Reduction on Building Code Permit Fees

\$100,000 investment - 1/2 price on permit fees