

## **§ 171-32.1 Tourism Zone**

This Ordinance is adopted pursuant to the authority granted to localities by **Code of Virginia §58.1-3851**.

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

B. The tax incentives may be provided for up to 20 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, excluding ordinances or provisions of ordinances adopted pursuant to the requirements of the Chesapeake Bay Preservation Act (§ [10.1-2100](#) et seq.), the Erosion and Sediment Control Law (§ [10.1-560](#) et seq.), or the Virginia Storm water Management Act (§ [10.1-603.1](#) et seq.), and (iv) any other incentive adopted by ordinance, which shall be binding upon the locality for a period of up to 10 years.

D. The establishment of a tourism zone shall not preclude the area from also being designated as an enterprise zone.

The purpose of the Tourism Zone Ordinance is to promote the cultural heritage of the Town of Hillsville while encouraging economic development within the Town's General Commercial, Core Commercial, and Industrial Districts.

- A. The Boundaries of the Tourism Zone shall be within the areas described in Appendix E of this Chapter.
- B. An applicant seeking to obtain the benefits of the Tourism Zone will hold preliminary discussions with the Town Manager, prior to any investment, resulting in a letter from the applicant describing the planned project and submittal of a completed Tourism Zone Program Qualification Application. The Town Manager will perform the initial review of the project to determine if the project meets the required criteria for a Qualified Tourism Business and is consistent with the Town's policy for the consideration of Tourism Zone incentives. If the initial review indicates that the project has merit, the Town Manager will forward the request and recommendation for consideration by Town Council. The Town Council will review the proposed project and accompanying request. The Town Council will evaluate the request and make a decision based upon the project's positive impact on the Town. The Town Council has the sole authority to designate incentives for the implementation of economic development projects.

- C. A Business seeking the benefit of Tourism Zone incentives must be a Tourism Business defined as follows:

- Lodging or Bed and Breakfast
- Restaurant
- Retail Merchandising
- Antique Mechandising
- Health Related

- D. Qualified Tourism Businesses shall receive the benefits of the Tourism Zone incentives for up to a three (3) year Incentive Period.

- E. For a Tourism Business to be a Qualified Tourism Business eligible to receive the benefit of Tourism Zone incentives, it must be located within the boundaries of the Tourism Zone and meet the following qualifications:

- (a) An Existing Tourism Business must meet the following criteria:

- (i) Provide additional Capital Investments of at least two hundred fifty thousand dollars \$250,000 and create a minimum of 5 new jobs over the base year. Base year is defined as the calendar year preceding the calendar year in which the applicant submits the Tourism Zone Program Qualification Application to the Town Manager.

- (b) A New Tourism Business must meet the following criteria:

- (i) Provide Capital Investments of at least five hundred thousand dollars \$500,000 and create a minimum of 5 new jobs within the boundaries of the Tourism Zone.

- F. Qualified Tourism Businesses located within the boundaries of the Tourism Zone are afforded the following incentives:

- (a) Grants:

- (i) Grant equal to Business, Professional and Occupational License tax imposed by the Town and paid by Qualified Business
- (ii) Grant equal to Machinery and Tools Tax imposed by the Town and paid by Qualified Business
- (iii) Grant equal to Real Estate Tax imposed by the Town and paid by Qulaified Business
- (iv) Grant of one (1) percent Meals Tax generated and paid by Qualifed Restaurant Business
- (v) Grant of one (1) percent Transcient Tax generated and paid by Qualifed Lodging Business

For those Qualified Tourism Businesses that are Existing Tourism Businesses, grants shall only be applicable to taxes assessed on the portion of gross receipts or acquired machinery and tools directly attributable to the expansion of the business.

The amount of each grant shall be a percentage of that portion of taxes paid by the Qualified Tourism Business each year of the Incentive Period that is directly attributable to the expansion of the Business. The percentage granted for a three-year Incentive Period shall be determined by the following schedule:

Year 1 .... One hundred percent (100%)

Year 2 .... Fifty percent (50%)

Year 3 ....Fifty percent (50%)

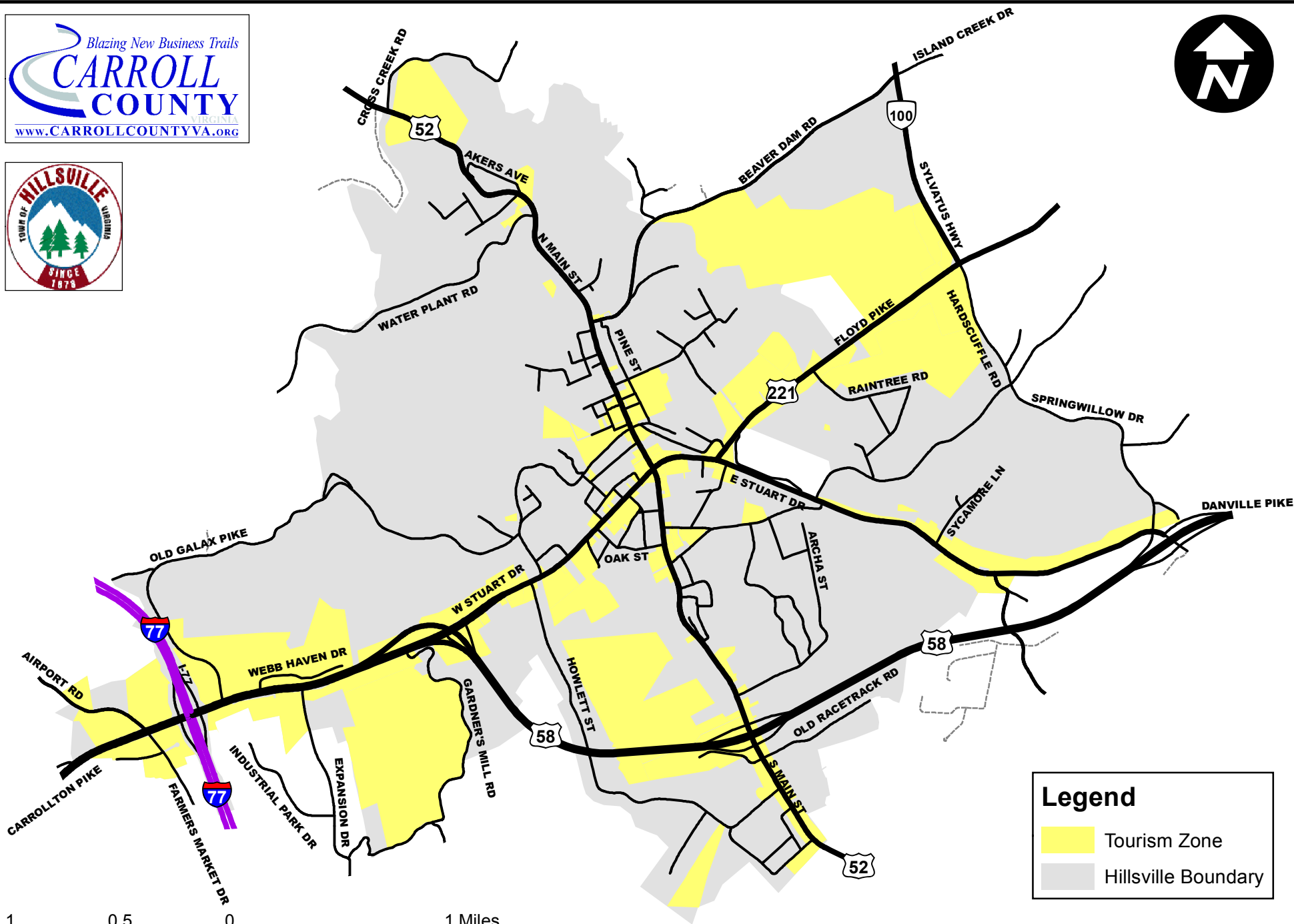
- G. An Existing Tourism Business shall not qualify for Tourism Zone incentives by reorganizing or changing its form in a manner that does not alter the basis of the Tourism Business assets or result in a taxable event.
- H. If a Qualified Tourism Business fails to pay in full the taxes imposed by the Town by the due date, this will result in the forfeiture of the Tourism Zone incentives for that year.
- I. If a Qualified Tourism Business files for bankruptcy during any three-year incentive period, this will result in disqualification and the business will be ineligible to receive Tourism Zone incentives for the remainder of the incentive period.
- J. In the event that the Tourism Business ceases to be a Qualified Tourism Business, ceases to meet the minimum capital investment criteria, or removes itself from operation from the Town during any year within any three-year incentive period it shall be required to repay the total amount of Tourism Zone incentives received. A Tourism Business must sign an agreement to this effect before receiving Tourism Zone incentives.
- K. If a Qualified Tourism Business leaves the Town to conduct business in another location within three (3) years of completing any three-year incentive period, it will be required to repay the Town the total amount of Tourism Zone incentives received.
- L. This Article is an economic development incentive and is not a zoning change. Nothing herein shall be construed to affect any provision or requirement of any Town zoning ordinance.

- M. Nothing in this Article shall not be construed to waive the requirement of any ordinance, regulation or policy of the Town including, but not limited to, those ordinances, regulations and policies that require permits and approvals for land use and construction. Additionally, unless stated otherwise herein, nothing in the Article shall be construed as waiving the right of the Town to enforce its ordinance, regulations or policies to collect any taxes, fees, fines, penalties, or interest imposed by law on a Qualified Tourism Business or upon real or personal property owned or leased by a Qualified Tourism Business. The Town Council reserves the right to remove Qualified Tourism Business status from any Business that is not compliant with any Article, regulation, policy or other legal requirement.
- N. No Qualified Tourism Business may apply for or receive a tax or fee exemption under this Article on the basis of a building permit issued or construction commenced prior to the establishment of the Tourism Zone in which the property lies.

#### **Certification Procedure:**

The following certification procedure applies to Tourism Businesses seeking to obtain the benefits of the Tourism Zone:

- (a) A Tourism Business must submit a Tourism Zone Program Qualification Application to the Town Manager for certification as a Qualified Tourism Business.
- (b) The Town Manager will review and verify that each applicant is in compliance with the Tourism Zone qualifications and follow the administration procedures outlined in **§ 171- 32.1 Tourism Zone Code.**
- (c) After a Tourism Business has been certified as a Qualified Tourism Business, it must annually submit a Tourism Zone Program Annual Review Application to the Town on or before March 1<sup>st</sup> of each year of the incentive period, indicating the number of Full Time Employees employed by the Qualified Tourism Business, the amount of business license tax, real estate, business personal property, and/or machinery and tool taxes paid by the Qualified Tourism Business during the Incentive Period, and any other information as requested by the Town for purposes of administering the Tourism Zone. Applications must be signed by an official representative of the Qualified Tourism Business authorized to sign on its behalf.



**Legend**

- Tourism Zone
- Hillsville Boundary



Drawn by: Justin Barnard

Date: 10/10/2013

# Hillsville Tourism Zone