



TOURISM DEVELOPMENT FINANCING PROGRAM



2018

TDFP | *Tourism Development Financing Program*

Found online at » <http://www.vatc.org/TDFP>

- ≡ A two-tiered gap financing program for qualified tourism development projects in Virginia
- ≡ A partnership between a developer, a locality's EDA/IDA and the Commonwealth of Virginia
- ≡ **Qualified projects have been identified by the Locality/Applicant as filling a deficiency (void) in their existing community/tourism industry development plan**
- ≡ Successful projects must follow and complete the *Application Process* » p. 4
- ≡ Eligible projects must be constructed in a *Tourism Development Zone* » p. 8

Tier 1 = 70/30 projects ... < \$100 million

- Compensates for a shortfall in project funding, **not to exceed 30%** of a qualified project's total cost
- Once the project is completed and generating income, the locality works with the VA Dept. of Tax to perform a quarterly review of state sales and uses taxes collected on the development project
- **1% of the project quarterly revenue** is the amount each partner will contribute towards debt service on the project, until debt service is fully paid
- The developer owns all debt exclusively, while the locality and state only contribute to debt service

Tier 2 = 80/20 projects ... \$100 million +

- Compensates for a shortfall in project funding, **not to exceed 20%** of a qualified project's total cost
- For larger-scale, **\$100+ million projects of regional significances; excluding major retail**
- Once the project is completed and generating income, the locality works with the VA Dept. of Tax to perform a quarterly review of state sales and uses taxes collected on the development project
- **1.5% of quarterly revenue** is the amount each partner will contribute towards debt service on the project

Section 58.1-3851.1 of the Virginia Code details the requirements

Web address / link to TDFP legislation » <http://lis.virginia.gov/cgi-bin/legp604.exe?151+ful+CHAP0349+pdf>

For more information, contact:

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Director of Business Development
Virginia Tourism Corporation

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804 545 5552 | wconfroy@virginia.org

Tyler Carroll
Business Development Specialist
Virginia Tourism Corporation

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804 545 5551 | tcarroll@virginia.org

< \$100 million

70%

30%

Developer

An amount = to **1%** of the project's quarterly revenue is paid, quarterly, by each partner to the lender until the gap's debt service is complete »

1/3

Developer

1/3

Locality

1/3

State

\$100 million +

80%

20%

Developer

An amount = to **1.5%** of the project's quarterly revenue is paid, quarterly, by each partner to the lender until the gap's debt service is complete »

1/3

Developer

1/3

Locality

1/3

State

Gap Financing



3 Partners Pay
1 Quarterly Payment

Tier 1

	Qtrly Hotel Revenue		1.0%		PAY DEBT
1st Quarter	1,000,000	>	10,000	x3	30,000
2nd Quarter	1,500,000	>	15,000	x3	45,000
3rd Quarter	750,000	>	7,500	x3	22,500
4th Quarter	1,000,000	>	10,000	x3	30,000
Yearly	4,250,000		42,500		127,500

Three partner's yearly combined debt service

Gap Financing | 3 Partners ... 1 Quarterly Payment:

- TDFP creates a partnership where the state, locality and developer each contribute an amount toward quarterly payment of debt service
- If a project generates \$1,000,000 in revenue during its first quarter of operation, \$10,000 (1% of \$1,000,000) is the amount that each partner will contribute for the payment
- The state will contribute \$10,000, the locality will contribute \$10,000, and the developer will contribute \$10,000
- Collectively, contributions from all partners equal \$30,000 for this quarter
- This same process is repeated each quarter until the debt service requirement has been satisfied/fully paid
- Tier 2 follows the same process except 1.5% of quarterly revenue is the amount that each partner contributes

Once the project has received certification:

- Once the project is open for business and generating revenue, the Tax Commissioner's office will work with the Locality to identify the amount of revenue generated from the project quarterly
- The appropriate percentage of that revenue is identified and the State's portion is remitted to the Locality
- This is done quarterly, based on this approximate schedule:
 - Quarterly Sales and Use Tax #1 » Identified in **February**..... Payment made in **March**
 - Quarterly Sales and Use Tax #2 » Identified in **May**..... Payment made in **June**
 - Quarterly Sales and Use Tax #3 » Identified in **August**..... Payment made in **September**
 - Quarterly Sales and Use Tax #4 » Identified in **November**..... Payment made in **December**
- The Locality then delivers the Developer's contribution (access fee), the State's contribution, and the Locality's contribution to the local Economic Development Authority, who then pays the Lender.

To apply for either tier of TDFP | Gap Financing certification, the following steps must occur:

Active Application – Exploration Phase	Local Govt	1	IDENTIFY A PROJECT	<ul style="list-style-type: none"> The locality is the Applicant and identifies a tourism deficiency (void) in their local business community The Developer is the sole owner of all debt with Lenders and secures all financing, including the gap loan
		2	CREATE + SUBMIT A TOURISM DEVELOPMENT PLAN	<ul style="list-style-type: none"> Prove the project fills a tourism deficiency (void) Identify positive \$ impact on local business community VTC approves before Step 3
		3	PAY APPLICATION FEE	<ul style="list-style-type: none"> Submit \$500 application & processing fee to VTC for website maintenance
		4	VERIFY THE FINANCING + FINALIZE PERFORMANCE AGREEMENT	<ul style="list-style-type: none"> Work with Virginia Resources Authority to verify committed financing, debt structuring and gap reimbursement
		5	CREATE and VERIFY TOURISM ZONE ORDINANCE	<ul style="list-style-type: none"> Pass A local ordinance creating a tourism zone in which the development project's footprint must be located
		6	ADOPT A PROJECT ORDINANCE	<ul style="list-style-type: none"> Pass a local ordinance adopting Steps 1 through 5 including the specific development project by name
		7	APPLICATION REVIEW BY THE STATE COMPTROLLER	<ul style="list-style-type: none"> The State Comptroller reviews Steps 1 through 6 Sends certification letter when approved
		8	ANNOUNCE THE PROJECT'S TDFP CERTIFICATION	<ul style="list-style-type: none"> Coordinate news releases with VTC from the Governor's office, the locality and the Developer
		9	PAY DEBT > After business opening	<ul style="list-style-type: none"> The Locality works with Dept. of Taxation to process partner payments for the life of the gap financing debt

Tourism Development Plan

TDFP | Step 2 TOURISM DEVELOPMENT PLAN

Localities that are interested in pursuing the financing will need to submit a Tourism Development Plan which will be reviewed and certified by the Virginia Tourism Corporation (VTC). The Tourism Development Plan submitted can be an existing plan already adopted by a locality, or a plan can be created using VTC's Tourism Development Plan website.

The purpose of the plan is to (1) outline the specific void the proposed project will fill; (2) provide accurate representations of a locality's current tourism product and assets, infrastructure, marketing efforts and visitor profiles; and (3) show the return on investment the proposed project will have to the local tourism economy.

» Confidential + Proprietary Information «

If confidentiality of any information is necessary and applicable while exploring the eligibility of your proposed tourism development project with VTC, you must mark the information as "confidential and proprietary records." This includes print, audio and video information shared with Virginia Tourism Corporation via email, email attachments, standard delivery or courier. » § 2.2-3705.6 (3)

Please note that ownership of information and documentation submitted to the Virginia Tourism Corporation (VTC) either during preliminary discussions or as part of a Tourism Development Financing Program application constitute public records under the Virginia Freedom of Information Act (FOIA) and shall be subject to public disclosure in accordance with FOIA. Proprietary information and documentation submitted by an applicant shall not be subject to public disclosure under FOIA. To prevent disclosure, however, the applicant must specifically identify the information or documentation to be protected. Public records that VTC determines are not proprietary will be subject to public disclosure under FOIA, even if marked as confidential by the applicant.

SECTION 1: PROPOSED PROJECT

1-A Briefly describe the overall scope and concept of your proposed project, including the total capital investment.

>> Visit <http://www.vatc.org/TDFinancingProgram> to review requirements

1-B What deficiency (void) in your local tourism economy will this tourism development project fill?

* Please provide a copy of the local development plan(s) which identifies this deficiency(ies)

>> Visit <http://www.vatc.org/TDFinancingProgram> to review requirements

1-C What is the total capital investment of the development project?

1-D What is the estimated, total gap financing amount requested for the project?

1-E Will this proposed project fit into an existing Tourism Zone?

>> Visit <http://www.vatc.org/TDFinancingProgram> to review requirements

☐ YES

☐ NO

1-F The proposed project will accomplish the following:

Number of full-time jobs	
Number of part-time jobs	
Projected, annual, staff hours created from this specific project projected to be * Total, annual number of full (40 hrs./week) and part-time hours combined	
Projected, annual, salary expenditures specific project projected to be * Total, annual, combined salary costs for all full (40 hrs./week) and part-time jobs	\$
Projected, annual, local tax revenue from project expected to be	\$
Projected, annual, state tax revenue from project expected to be	\$
Projected, annual visitors to the new business (total) are expected to be	
Projected, annual out-of-town visitors (50 miles or more) to the new business are expected to be	

Performance Agreement

The first and key components to applying for the Tourism Development Financing Program is the securing of development, financial local economic development partners, as well as insuring that 80% financing is in place.

Localities should structure its debt and equity financing and enter into a performance agreement with the appropriate political subdivision in the locality and confirm participating project developers will pay an access fee equal to one percent of the sales tax revenue generated and returned to the tourism project

- ≡ The performance agreement is between the economic development authority or other appropriate political subdivision in the locality where the tourism project will be located and the project developer
- ≡ It states that the tourism project developer will pay an access fee equal to one percent of the sales tax revenue generated and returned to the tourism project.
- ≡ It specifies that the access fee, plus the returned sales taxes will be used to pay annual debt service on the gap funding until such debt is paid in full
- ≡ It provides for the locality in which the project is located to notify the State Comptroller and the Department of Taxation when the taxes are no longer subject to being remitted.
- ≡ Once the developed project is generating revenue, the Tax Commissioner certifies on a quarterly basis the amount of entitled sales tax revenues to the State Comptroller. The State Comptroller remits the tax revenue to the locality and the locality remits them to the economic development authority or other appropriate political subdivision

Verification of at least 70% Funding of Tourism Project through Debt or Equity

- ≡ Plan of Finance
 - *a short half-page description of how the project will be financed*
 - *substantiates the sources of funding*
- ≡ Sources and Uses of Funds
 - Minimum of 70% of the financial package is in place
 - Term Sheets
 - Commitments
 - Loan agreement drafts
- ≡ Term Sheets, Commitment Letters, Other Debt Financing Documentation

For more information on step **4** Verifying the Financing + Finalizing the *Performance Agreement*, please contact:

Shawn B. Crumlish
 Director of Financial Services
 Virginia Resources Authority
 1111 East Main Street, Suite 1920
 Richmond, VA 23219
 804 616 3445 | scrumlish@VirginiaResources.org

Sources + Uses of Funds

When submitting the final Performance Agreement, the following sources and uses of funds will need to be identified and reviewed with VRA {Virginia Resources Authority}

Sources and Uses of Funds

Sources of Funds:	
Equity Source 1	\$ XXX
Equity Source 2	XXX
Debt Financing Source 3	XXX
Debt Financing Source 4	XXX
Gap Financing Source 5	XXX
Total Source of Funds:	\$ XXX
Use of Funds:	
Use of Funds 1	\$ XXX
Use of Funds 2	XXX
Use of Funds 3	XXX
Use of Funds 4	XXX
Use of Funds 5	XXX
Total Use of Funds (Total Project Cost):	\$ XXX

Sources of Funds:	
Equity Source 1	\$ XXX
Equity Source 2	XXX
Debt Financing Source 3	XXX
Debt Financing Source 4	XXX
Total Debt and Equity Sources of Funds:	\$ XXX
Use of Funds:	
Total Use of Funds (Total Project Cost):	\$ XXX
Debt and Equity Sources / Project Cost	
	XX%

*Debt (excluding Gap Financing) and Equity Sources

Tourism Zones

Found online at » <https://www.vatc.org/tdfp/applicationprocess/tourismzone/>

- ≡ Virginia localities can establish a *Tourism Zone* independent of the TDFP program
- ≡ Tourism Zones are passed by local ordinance and contain both requirements and benefits for existing and new tourism businesses, including lodging, dining, retail, meeting and sports facilities, Outdoor recreation areas, theme parks and event venues.
- ≡ Localities can create a new *Tourism Zone* during the TDFP application process if one does not exist

WHAT is a Tourism Zone?

Much like traditional business enterprise zone, a *tourism zone* allows for businesses to take advantage of state and local tax credits and deductions not available to businesses elsewhere. The goal of the incentives is to stimulate business attraction, growth, and increased employment opportunities within economically challenged areas of a locality. This can include, but is not limited to: hiring credits, sales & use tax credits, expense and interest deductions, discount utilities hook-up and payment plans, sewer facility hookup payment plans and reduced parking requirements.

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.

In Virginia, tax incentives may be provided for up to 10 years and may include, but are not be limited to

- ≡ Reduction of permit fees
- ≡ Reduction of user fees
- ≡ 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

A governing body may also provide for regulatory flexibility in such zone that may include, but not be limited to:

- ≡ Special zoning for the district
- ≡ Permit process reform
- ≡ Exemption from some ordinances, excluding ordinances or provisions adopted pursuant to the Chesapeake Bay Preservation Act, Erosion & Sediment Control Law and the VA Storm water Management Act
- ≡ Other incentive adopted by ordinance, which shall be binding upon the locality for a period of up to 10 years

Tourism Zone Considerations

Factors when considering the opportunity and impact of tourism zones

- ≡ Pre-existing enterprise or business development zones
- ≡ The level and nature of adjoining developments
- ≡ Any relevant local planning policy, legislation, state planning policies and development control regulations
- ≡ Preparation, advertising, adoption and implementation tourism zones, in relation to local community and business development plans
- ≡ Any tourism development zone fundamentals including the use of land, including the extent of preservation, further development, land use

Factors and Changes to Consider with Establishing a Tourism Zone

- ≡ Density or proximity of any residential developments within a tourism zone
- ≡ Tourist center and locality-wide services and operations
- ≡ Any new types or quantities of merchandise or goods to be stored, processed, produced or sold
- ≡ Personal safety and security in streets and around buildings or new business development
- ≡ Strategic importance for the tourist industry is for local residence and out-of-town tourists
- ≡ Balance with local transportation without restricting access and use of tourist attractions
- ≡ Tourists visit places for a variety of purposes which do not include work or a permanent home
- ≡ Effectiveness of travel, retail and hospitality signage
- ≡ Control the service of alcohol so as not to adversely impact on residents or the community
- ≡ Storm water drainage details including design levels and erosion control at outlets
- ≡ Access to non-emergency and emergency health care needs of visitors
- ≡ Diverse lodging development and needs, in relations to residential nearby

Establishing a Tourism Zone

Localities interested in pursuing the Commonwealth of Virginia Tourism Development Financing Program will need to have a defined tourism zone(s) within which the proposed project is contained. Virginia cities, counties, or towns can currently establish such tourism zones as allowed for in the Code of Virginia. Interested localities are encouraged to begin development of the required tourism zones.

2006 Virginia Code § 58.1-3851 - Creation of local tourism zones.

§ 58.1-3851. Creation of local tourism zones

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 Stormwater 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.

(2006, c. 642; 2008, c. 462.)

Map Of Tourism Zones

LEGEND:

 Tourism Zones

NOTES:
Tourism Zones Approved By City Council Ordinance
Nos. 10-31, 10-32, 10-33 (October 26, 2010)

[illegible]

A graphic scale bar is provided for reference. The top scale is in miles, with markings at 0, 1/2, and 1. The bottom scale is in feet, with markings at 0, 1000, 2000, 3000, and 4000. The text "SCALE: 1" = 1000'" is centered above the scales.

- Increase in local sales tax generation
- BPOL tax generation
- Location within a priority area, as defined in the JumpStart! Plan and 2007 Comp Plan
- Connection to the City's Pathways Plan
- Incorporation of public art into the project
- Use of the Economic Development Authority in financing the project
- Environmental Innovation
- Historic Preservation
- Benefits to new, expanding and existing businesses

	New	Expanding	Existing
Eagle Village + Celebrate Virginia South-Central Park	<ul style="list-style-type: none"> – Minimum \$500,000 capital investment – create at least 25 jobs 		
	New	Expanding	Existing
Downtown - Princess Anne Street	<ul style="list-style-type: none"> – Minimum \$250,000 capital investment 		<ul style="list-style-type: none"> – Minimum \$125,000 capital investment

Tourism Development Zone --- Downtown



ne is a designated geographic area of the city identified for increased growth in Targeted businesses, identified using the NACIS code, may be eligible for special incentives based on business criteria. To see if you qualify, refer to the detailed map and program description at www.WaynesboroBusiness.com, then, review each of the seven business criteria below and calculate points earned based on your new or expanding business. Possible incentives are listed on the back of this sheet.

Business Criteria				A	B	C
1	Capital Improvement - new construction or improve existing facility	New	Level	\$250,000	\$500,000	\$750,000
			Points	5	10	15
		Rehab	Level	\$25,000	\$50,000	\$75,000
			Points	5	10	15
2	Job Creation FTE -- new construction or improve existing facility	New	Level	2	3	4
			Points	5	10	15
		Rehab	Level	1	2	3
			Points	5	10	15
3	Wage Level % Federal Min Wage	Level		175%	150%	175%
		Points		0	0	5
4	Employee Benefits	Level		None	None	Partial
		Points		0	0	5
5	Industry - Match to Strategic Plan	Yes / no		Y=5 N=0	Y=5 N=0	Y=5 N=0
6	SWAM	Yes / no		Y=5 N=0	Y=5 N=0	Y=5 N=0
7	Building	Own		Y=5 N=0	Y=5 N=0	Y=5 N=0

Tourism Development Zone --- Downtown

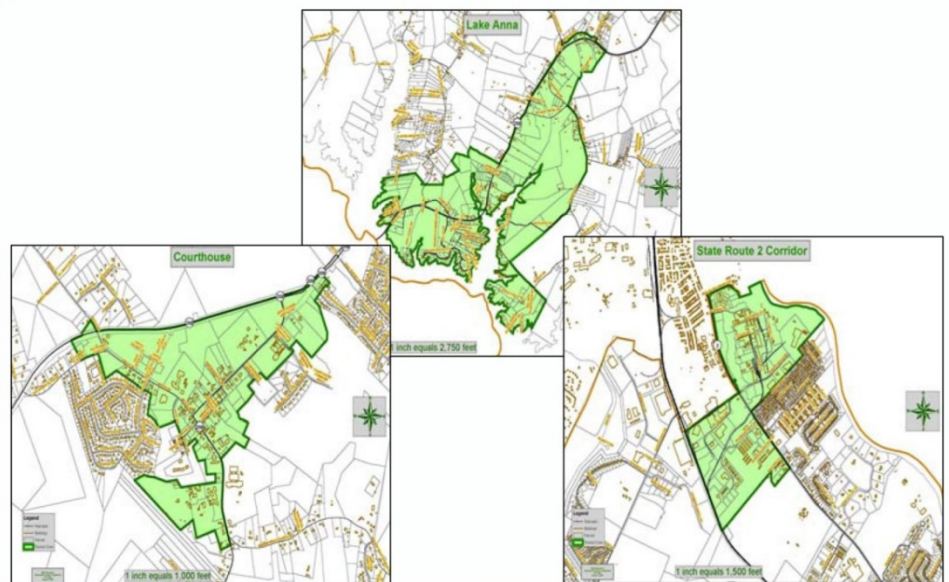
Possible Incentives		Points Total from other side		
		15	20-40	45+
1	Reimbursement of Real Estate Tax	0	3	5
2	Reimbursement of M & P or BPP Tax	yr 1- 10% yr 2- 5%	yr 1- 30% yr 2- 15% yr 3- 5%	yr 1- 50% yr 2- 25% yr 3- 10%
3	Reimbursement of Building Permits	25%	50%	75%
4	BPOL fee	Yes	Yes	Yes
5	Sign fee	Yes	Yes	Yes
6	WDDI membership	Yes	Yes	Yes
7	Chamber membership	Yes	Yes	Yes
8	Training scholarships	\$ 300	\$ 300	\$ 300
9	Marketing assistance	\$ 1,000	\$ 1,000	\$ 1,000
10	Façade / Landscape program	Yes	Yes	Yes
11	Job creation grant- rehab building	Yes	Yes	Yes
12	EDA RLF reduction in interest rate	25%	50%	75%
13	Refund application fee	25%	50%	75%

Spotsylvania County, VA

Tourism Zone Program

The Tourism Zone Program serves both new and existing qualified businesses, affording tax rebates on Business, Professional and Occupational License (BPOL) and Machinery & Tools Tax (M/T). The qualified business is also placed in the County's Targeted Industry Program, initiating the Fast Track Development Review Process. There are three designated Tourism Zones in the County to encourage growth in Spotsylvania's Tourism sector.

Zone Maps



Qualifications

A Tourism Business

- Business whose primary purpose is to establish a desirable destination to attract tourists from outside of the community and create an environment for those visitors that will deliver a memorable experience or promote educational opportunities while increasing travel-related revenue.

Existing Tourism Businesses must meet **one** of the following criteria:

- Capital Investment of at least \$250,000 over the base year

New Tourism Businesses must meet **one** of the following criteria:

- Provide Capital Investment of at least \$500,000 within the boundaries of the Tourism Zones

Conditions that apply to both Existing and New Tourism Businesses

- The Tourism Business must meet and maintain the minimum qualifying employment and investment levels through Year 5 in order to qualify as a Qualified Tourism Business.

Incentives Available

Tax Rebates:

- Rebate on business, professional and occupational license tax imposed by the County
- Rebate on machinery and tools tax imposed by the County
- For those Qualified Tourism Businesses that are Existing Tourism Businesses, rebates 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.

Targeted Industry Status:

- Qualified Tourism Businesses shall be placed in the County's established Fast Track Development Review, Permitting and Inspections program.

For more information and full details on the Spotsylvania County Tourism Zone Program call 1-540-507-7210 or visit www.spotsylvania.org

Tourism Zones in Virginia

Contacts of successful TDFP applicants + Links

City of Fredericksburg

<http://www.fredericksburgva.com/DoingBusiness/BusinessResources/TourismZoneIncentive/>

CONTACT

Bill Freehling
Director Dept. of Econ Dev. & Tourism
City of Fredericksburg
540 372 1216
bfreehling@fredericksburgva.gov

City of Virginia Beach

https://www.municode.com/library/va/virginia_beach/codes/code_of_ordinances?nodeId=CO_CH35.4TOZO

CONTACT

Zoning Administration
757 385 8074
zoning@vbgov.com

City of Newport News

[Newport News PowerPoint: Tourism Zone + Plan](#)

CONTACT

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City of Newport News
757 926 3797
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City of Norfolk

https://library.municode.com/va/norfolk/codes/code_of_ordinances?nodeId=COCI_CH46TOZO

CONTACT

Jared Chalk
Senior Business Development Manager - Special Projects
City of Norfolk | Economic Development Authority
757 664 4105
jared.chalk@norfolk.gov

Virginia municipalities with Tourism Zones + Links

* Right-click, then "Open Link"

[Blacksburg – Town](#)

[Bristol – City](#)

[Carroll – County](#)

[Clifton Forge – Town](#)

[Farmville – Town](#)

[Fauquier – County](#)

[Fredericksburg – City](#)

[Front Royal – Town](#)

[James City – County](#)

[Hillsville – Town](#)

[Lynchburg – City](#)

[Newport News – City](#)

[Norfolk – City](#)

[Pocahontas – Town](#)

[Prince Edward – County](#)

[Rockbridge – County](#)

[South Boston – Town](#)

[Spotsylvania – County](#)

[Virginia Beach – City](#)

[Waynesboro – City](#)

2015 SESSION
ENROLLED

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 58.1-3851.1 of the Code of Virginia and to amend the Code of Virginia*
3 *by adding in Article 10 of Chapter 38 of Title 58.1 a section numbered 58.1-3851.2, relating to*
4 *entitlement to tax revenues; tourism projects of regional significance.*

5 [S 1401]

6 Approved

7 Be it enacted by the General Assembly of Virginia:

8 1. That § 58.1-3851.1 of the Code of Virginia is amended and reenacted and that the Code of
9 Virginia is amended by adding in Article 10 of Chapter 38 of Title 58.1 a section numbered
10 58.1-3851.2 as follows:

11 **§ 58.1-3851.1. Entitlement to tax revenues from tourism project.**

12 A. For purposes of this section, unless the context requires a different meaning:

13 "Economic development authority" means a local industrial development authority or a local or
14 regional political subdivision, the public purpose of which is to assist in economic development.

15 "Gap financing" means debt financing to compensate for a shortfall in project funding between the
16 expected development costs of an authorized tourism project and the debt and equity capital provided by
17 the developer of the project.

18 B. 1. If a locality has established a tourism zone pursuant to § 58.1-3851, has adopted an ordinance
19 establishing a tourism plan as determined by guidelines set forth by the Virginia Tourism Authority, and
20 has adopted an ordinance authorizing a tourism project to meet a deficiency identified in the adopted
21 tourism plan approved by the Virginia Tourism Authority, and the tourism project has been certified by
22 the State Comptroller as qualifying for the entitlement to tax revenues authorized by this section, the
23 authorized tourism project shall be entitled to an amount equal to the revenues generated by a one
24 percent state sales and use tax on transactions taking place on the premises of the authorized tourism
25 project. The entitlement shall be contingent on the locality enacting an ordinance designating certain
26 local tax revenues to the tourism project pursuant to subsection C and shall be subject to the conditions
27 set forth in subsection D. The purpose of such entitlement shall be to assist the developer with obtaining
28 gap financing and making payments of principal and interest thereon. The entitlement shall continue
29 until the gap financing is paid in full. Entitled sales tax revenues shall be applied solely to payments of
30 principal and interest on the qualified gap financing.

31 2. On a quarterly basis, the Tax Commissioner shall certify the amount of the entitled sales tax
32 revenues to the Comptroller, who shall remit such revenues to the county or city in which the authorized
33 tourism project is located. The county or city shall remit the revenues to the economic development
34 authority. No payments herein shall be made until an agreement exists between the developer of the
35 authorized tourism project and the economic development authority.

36 3. The state sales tax entitlement established in subdivision 1 shall not include any (i) sales tax
37 revenues dedicated pursuant to § 58.1-638 or 58.1-638.1 or (ii) revenues generated pursuant to Chapter
38 766 of the Acts of Assembly of 2013.

39 C. If a locality has adopted the ordinances required by subdivision B 1 to entitle an authorized
40 tourism project to an amount equal to the revenues generated by a one percent state sales and use tax on
41 transactions taking place on the premises of the authorized tourism project, the local governing body of
42 the county or city in which the authorized tourism project is located shall also direct by ordinance that
43 an amount equal to the revenues generated by at least a one percent local sales and use tax, or an
44 equivalent amount of other local tax revenues as designated by the ordinance, generated by transactions
45 taking place on the premises of the authorized tourism project shall be applied to the payment of
46 principal and interest on the qualified gap financing. Such revenues shall be remitted in the same

47 manner, for the same time period, and under the same conditions as the remittances paid in accordance
48 with subsection B, mutatis mutandis.

49 D. Prior to any entitlement to tax revenues for an authorized tourism project pursuant to subsections
50 B and C, the owner of such project shall have a minimum of 70 percent of funding for the project in
51 place through debt or equity, enter into a performance agreement with the economic development
52 authority or political subdivision, and enter into an agreement to pay an access fee. The access fee shall
53 be equivalent to the state sales tax revenue generated by and returned to the project pursuant to
54 subdivision B 1 and shall be collected by the locality and remitted to the economic development
55 authority on a quarterly basis. The access fee and the sales tax entitlement shall be used solely to make
56 payments of principal and interest on the qualified gap funding.

57 E. In the event that the total amount of sales tax entitlement and the access fee exceeds any annual
58 debt service on the qualified gap financing, such excess shall be paid to the principal of the loan until
59 the qualified gap financing is paid in full.

60 F. A tourism project that is entitled to and receives revenues pursuant to this section shall not be
61 eligible to receive revenues pursuant to § 58.1-608.3 or 58.1-3851.2.

62 **§ 58.1-3851.2. Entitlement to tax revenues from tourism project of regional significance.**

63 A. For purposes of this section, unless the context requires a different meaning:

64 "Economic development authority" means a local industrial development authority or a local or
65 regional political subdivision, the public purpose of which is to assist in economic development.

66 "Gap financing" means debt financing to compensate for a shortfall in project funding between the
67 expected development costs of an authorized tourism project of regional significance and the debt and
68 equity capital provided by the developer of the project.

69 "Tourism project of regional significance" means a tourism project that meets the requirements set
70 forth in subdivision B 1 and that additionally represents a new capital investment of at least \$100
71 million in a new tourism facility or in a substantial and significant renovation or expansion of an
72 existing tourism facility by a private entity in the Commonwealth and, as determined by the Virginia
73 Tourism Authority, that supports increased hotel occupancy, new job creation, an increase in the
74 number of out-of-state visitors to the Commonwealth, and other factors of significant fiscal and
75 economic impact. Any property, real, personal, or mixed, that is necessary or complementary, such as
76 arenas, sporting facilities, hotels, and other tourism venues, developed in connection with any such
77 tourism project of regional significance, including facilities for food preparation and serving, parking
78 facilities, and administrative offices, is encompassed within this definition, as is theme-related retail
79 activity by vendors or the private entity owner of the project that occurs on site and directly supports
80 the tourism mission of the project. **A tourism project of regional significance does not include, for**
81 **purposes of this section, general retail outlets, ancillary retail structures not directly related to the**
82 **tourism purpose of the project or other retail establishments commonly referred to as shopping centers**
83 **or malls or residential condominiums, townhomes, or other residential units.**

84 B. 1. If a locality has established a tourism zone pursuant to § 58.1-3851, has adopted an ordinance
85 establishing a tourism plan as determined by guidelines set forth by the Virginia Tourism Authority, and
86 has adopted an ordinance authorizing a tourism project of regional significance to meet a deficiency
87 identified in the adopted tourism plan approved by the Virginia Tourism Authority, and if the tourism
88 project of regional significance has been certified by the State Comptroller as qualifying for the
89 entitlement to tax revenues authorized by this section, the authorized tourism project of regional
90 significance shall be entitled to an amount equal to the revenues generated by a 1.5 percent state sales
91 and use tax on transactions taking place on the premises of the authorized tourism project of regional
92 significance. The entitlement shall be contingent on the locality's enacting an ordinance designating
93 certain local revenues to the project pursuant to subsection C and shall be subject to the conditions set
94 forth in subsection D. The purpose of such entitlement shall be to assist the developer with obtaining

95 gap financing and making payments of principal and interest thereon.

96 2. On a quarterly basis, the Tax Commissioner shall certify the amount of the entitled sales tax
97 revenues to the Comptroller, who shall remit such revenues to the county or city in which the authorized
98 tourism project of regional significance is located. The county or city shall remit the revenues to the
99 economic development authority. No payments herein shall be made until an agreement exists between
100 the developer of the authorized tourism project of regional significance and the economic development
101 authority. The entitlement shall continue until the gap financing is paid in full or for the length of time
102 specified in the agreement between the developer and the economic development authority, but in no
103 event shall the entitlement extend beyond 20 years from the date of the initial entitlement. Entitled sales
104 tax revenues shall be applied solely to payments of principal and interest on the qualified gap financing.
105 3. The state sales tax entitlement established in subdivision 1 shall not include any (i) sales tax
106 revenues dedicated pursuant to § 58.1-638 or 58.1-638.1 or (ii) revenues generated pursuant to Chapter
107 766 of the Acts of Assembly of 2013.

108 C. If a locality has adopted the ordinances required by subdivision B 1 to entitle an authorized
109 tourism project of regional significance to an amount equal to the revenues generated by a 1.5 percent
110 state sales and use tax on transactions taking place on the premises of the authorized tourism project of
111 regional significance, the local governing body of the county or city in which the authorized tourism
112 project of regional significance is located shall also direct by ordinance that an amount of local
113 revenues, from any authorized source of revenues available to the locality, equal to the revenues
114 generated by at least a 1.5 percent state sales and use tax generated by transactions taking place on the
115 premises of the authorized tourism project of regional significance shall be applied to the payment of
116 principal and interest on the qualified gap financing. Such revenues shall be remitted in the same
117 manner, for the same time period, and under the same conditions as the remittances paid in accordance
118 with subsection B, *mutatis mutandis*.

119 D. Prior to any entitlement to tax revenues for an authorized tourism project of regional significance
120 pursuant to subsections B and C, the owner of such project shall have a minimum of 80 percent of
121 funding for the project in place through debt or equity, enter into a performance agreement with the
122 economic development authority or political subdivision, and enter into an agreement to pay an access
123 fee. The access fee shall be equivalent to the state sales tax revenue generated by and returned to the
124 project pursuant to subdivision B 1 and shall be collected by the locality and remitted to the economic
125 development authority on a quarterly basis. The access fee and the state and local contributions
126 pursuant to this section shall be used solely to make payments of principal and interest on the qualified
127 gap funding.

128 E. In the event that the total amount of state and local contributions pursuant to this section and the
129 access fee exceeds any annual debt service on the qualified gap financing, such excess shall be paid to
130 the principal of the loan until the qualified gap financing is paid in full.

131 F. Neither the Commonwealth nor any political subdivision of the Commonwealth shall incur any
132 debt under this section. Nothing in this section shall be construed as authorizing the pledging of the
133 faith and credit of the Commonwealth, or any of its revenues, or the faith and credit of any other
134 political subdivision of the Commonwealth, or any of its revenues, for the payment of any debt or debt
135 financing, or meeting any contractual obligation incurred by the owner or developer of any authorized
136 tourism project of regional significance.

137 G. An authorized tourism project of regional significance that is entitled to and receives revenues
138 pursuant to this section shall not be eligible to receive revenues pursuant to § 58.1-608.3 or
139 58.1-3851.1.