Tourism Zones

- Virginia localities may establish a *Tourism Zone* without state oversight.
- 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.
- Currently, there are approximately 72 Tourism Zones, statewide, across Virginia in 44 different localities.

**WHAT is a Tourism Zone?**

Much like traditional business enterprise zone, a *tourism zone* allows businesses to take advantage of state and local tax incentives not available to businesses elsewhere. The goal of these incentives is to stimulate business attraction, growth, and increased employment opportunities within certain areas of a locality. This can include, but is not limited: hiring credits, sales & use tax incentives, 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 20 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 Zones in the Commonwealth of Virginia

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.

§ 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 (§ 10.1-660 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.
The level of incentives is determined based on the size of the capital investment, the number of jobs created and how the project meets the following areas of interest to the City of Fredericksburg.

- 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

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**Eagle Village + Celebrate Virginia South-Central Park**

- Minimum $500,000 capital investment
- Create at least 25 jobs

**Downtown - Princess Anne Street**

- Minimum $250,000 capital investment
- Create at least 10 jobs

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**Existing**

- Minimum $125,000 capital investment
- Create at least 5 jobs
Tourism Zones in the Commonwealth of Virginia

Tourism Development Zone --- Downtown

A Tourism Development Zone is a designated geographic area of the city identified for increased growth in tourism related businesses. 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.

<table>
<thead>
<tr>
<th>Business Criteria</th>
<th>New Level</th>
<th>New Points</th>
<th>Rehab Level</th>
<th>Rehab Points</th>
<th></th>
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<tbody>
<tr>
<td>Capital Improvement - new construction or improve existing facility</td>
<td>$250,000</td>
<td>5</td>
<td>$500,000</td>
<td>10</td>
<td>$750,000</td>
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<tr>
<td>Job Creation FTE - new construction or improve existing facility</td>
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<td>$50,000</td>
<td>2</td>
<td>$75,000</td>
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<td>Wage Level % Federal Min Wage</td>
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<td>150%</td>
<td>10</td>
<td>175%</td>
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<tr>
<td>Employee Benefits</td>
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<td>None</td>
<td>0</td>
<td>Partial</td>
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<tr>
<td>Industry - Match to Strategic Plan</td>
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<td>5</td>
<td>Y</td>
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<tr>
<td>SWAM</td>
<td>Y</td>
<td>5</td>
<td>Y</td>
<td>5</td>
<td>Y</td>
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<tr>
<td>Building</td>
<td>Own</td>
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<td>0</td>
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<tr>
<td>Strategic Plan Industries name</td>
<td>Recreation, Retail, Restaurants, Arts &amp; Culture, Museum, Winery, Brewery</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Plan Industries NAICS</td>
<td>Reference application for specific four digit NAICS codes</td>
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Possible Incentives

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<tr>
<th>Incentive</th>
<th>Points Total from other side</th>
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<tbody>
<tr>
<td>Reimbursement of Real Estate Tax</td>
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<tr>
<td>Reimbursement of M &amp; P or BPP Tax</td>
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<tr>
<td>Reimbursement of Building Permits</td>
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<tr>
<td>BPOL fee</td>
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<tr>
<td>Sign fee</td>
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<tr>
<td>WDDI membership</td>
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<td>Chamber membership</td>
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<td>Training scholarships</td>
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<td>Marketing assistance</td>
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<tr>
<td>Façade / Landscape program</td>
<td>Yes</td>
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<td>Job creation grant- rehab building</td>
<td>Yes</td>
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<tr>
<td>EDA RLF reduction in interest rate</td>
<td>25%</td>
</tr>
<tr>
<td>Refund application fee</td>
<td>25%</td>
</tr>
</tbody>
</table>
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.

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, 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 the Commonwealth of Virginia

Tourism Zones in Virginia

Contacts for tourism zone communities

City of Fredericksburg

https://www.fredericksburgva.com/171/Tourism-Zone-Incentive

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

City of Virginia Beach


CONTACT
Zoning Administration
757 385 8074
zoning@vbgov.com

City of Newport News

https://www.nngov.com/2325/Tourism-Zones

CONTACT
Florence G. Kingston
Director, Department of Development
City of Newport News
757-926-3792 (o)
kingstonfg@nnva.gov

City of Norfolk

https://www.norfolkdevelopment.com/business-resources/business-incentives/tourism-zones

CONTACT
Jared Chalk
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757 664 4338
jared.chalk@norfolk.gov

Virginia municipalities with Tourism Zones + Links

Blacksburg – Town
Bristol – City
Carroll – County
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

For more information, contact:

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Virginia Tourism Corporation
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804 545 5552 | wconfroy@virginia.org