

Draft Tourism Zone

- **Sec. XX-1. - Purpose.**

The town council finds that the creation of a local tourism zone, with incentives for growth, as authorized by Code of Virginia, § 58.1-3851, as amended, will foster the town's development, maintenance and expansion of businesses engaged in the tourism industry, all of which would benefit the citizens of the town.

- **Sec. XX-2. - Administration.**

This chapter shall be administered by the town manager or his or her designee (the "administrator"). The administrator shall be responsible for determining if a business qualifies as a qualified tourism business, and shall determine and publish the procedures for obtaining the benefits created by this chapter.

To determine if a business qualifies as a qualified tourism business:

- 1) Business will submit a completed application with all required documentation. The application will list Applicant/Contact information and list the required Project information and a statement that the business is in compliance with all Town ordinances and has no outstanding debts to the Town or delinquent taxes to Northampton County. Application must be signed by all business stakeholders.
- 2) Project Information requires a business plan or narrative which includes the following:
 - a) Description of the business' history, including activities, products, services, etc.
 - b) Description of the operation and/or financial relationships with any parent or subsidiary, and describe any changes in ownership that may occur as a result of this project.
 - c) Detailed description of the actions the business will take that will qualify it for the credit.
 - d) Revenue projections for the 5 year term of the credit/incentives.
 - e) Estimate of the amount of building and other town fees required to complete the capital investment plan.
 - f) Estimate of the increased assessed value of real property.
 - g) Estimate of the increased assessed value of business personal property or machinery and tools.
 - h) If facility and connection fees will be assessed as a result of the project, list the cost of those fees.
 - i) Number of full and part time jobs created.
- 3) Treasurer or designee will use a checklist of code requirements to determine if the applicant is eligible.
- 4) Treasurer or designee will quantify the potential amount of the credit based on the information supplied by the applicant.
- 5) Treasurer or designee will send a letter to the applicant business stating the following:
 - a) Their status as a qualified or non-qualified applicant.
 - b) The potential amount of the credit, if qualified, and over what tax years the credit will be awarded.
 - c) The required actions for the business to remain qualified.

- **Sec. XX-3. - Boundary area.**

The entire area of the Town of Cape Charles is designated a tourism zone pursuant to Code of Virginia § 58.1-3851, as amended.

- **Sec. XX-4. - Definitions.**

[The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:]

Economic stimulus credits means the incentive credits payable to a qualified tourism business as provided in section XX-6 of this chapter.

Existing business means a corporation, partnership, limited liability company, or sole proprietorship authorized to conduct business in the Commonwealth of Virginia, located in and actively engaged in the conduct of trade or business in the town prior to the adoption of this chapter.

Full time job means a full-time employee as defined according to the federal definition found in 26 US Code Subtitle D Chapter 43 Section 4980H, with reasonable allowances for holidays and vacations.

New business means a corporation, partnership, limited liability company or sole proprietorship authorized to conduct business in the Commonwealth of Virginia not previously located in the town that begins actively conducting business after the adoption of this chapter.

Part time job means an employee working a minimum of fourteen hours weekly and fewer than the number of hours required to meet the definition of full time job defined in this section.

Qualified tourism business means a new or existing business that has met the applicable qualifications set forth in section XX-5 of this chapter and that is engaged in provisioning services, concierge and accommodation services, conference center/services, galleries, recreational facilities/services, entertainment, food services, day spas, specialty food stores, gift stores, special events/services, fishing, communications, transportation, or any other similar activity deemed appropriate for a tourism zone as defined in another jurisdiction of the commonwealth and approved by that jurisdiction, and found as such by the administrator.

- **Sec. XX-5. - Qualifications.**

To be eligible for economic stimulus credits a qualified tourism business must:

- 1) Create and maintain a minimum of one (1) new full time or two (2) new part time jobs.
- 2) Make a new verified capital investment of no less than \$2,000.00 in a building, building improvements, and/or in depreciable assets. A capital investment does not include the cost to purchase real property.
- 3) Hold a current Town business license and be current in all tax and utility bill obligations to the Town, and all tax obligations to Northampton County.
- 4) Be in compliance with all Town ordinances.

- **Sec. XX-6. - Economic stimulus credits and enforcement.**

- 1) A qualified tourism business shall be eligible to receive the following economic stimulus credits:
 - a) A credit equal to 25 percent of the new or increased capital improvement tax paid to the town with a verified capital investment of not less than \$2,000.00 to a maximum of \$1,000,000.00 capital investment.
 - b) A credit equal to 50 percent of the amount of the net increase in real estate tax paid to the town.
 - c) A credit equal to 50 percent of the amount of BPOL tax paid to the town.
 - d) For a qualified tourism business that maintains at least eighty-five (85) hours weekly of full time and part time staff employment, a credit of up to 50 percent of the facility and connection fees paid to the town.
 - e) A credit of up to 50 percent of the building permit fees paid to the town for the approved project.

- 2) The economic stimulus credits shall be awarded according to a flat credit structure for taxes and a tiered structure for fees. The amount of economic development stimulus credits awarded for fees shall be determined by the administrator based on a qualified business' application alignment with Section XX-5 (i) through (iv) and all or some of the following criteria: preserves or enhances retail sales tax base; fills a vacant storefront; eliminates blight; prevents demolition by neglect; and increases payroll by at least forty-four (44) hours of full time and part time staff employment per week. The administrator shall make an award recommendation to the Town Council for final approval.
- 3) No taxes, fees, or other charges shall be deemed waived by this chapter. All such taxes, fees, and charges shall be paid by the qualified business in full as and when due. Economic stimulus credits described in subparts (1), (2), and (3) of subsections (a) and (b) above that are awarded to a qualified business shall be paid annually, in arrears, for each year that the qualified business meets all eligibility criteria up to a maximum of five years. If a qualified business fails to meet all eligibility criteria in any given year, the economic stimulus credits for that year and all future years shall be forfeited. Economic stimulus credits described in subparts (4) and (5) of subsections (a) and (b) above that are awarded to a qualified business shall be paid upon verification by the administrator of the completion of construction of the improvements to which the applicable facility and connection fees and/or building permit fees relate.
- 4) As a condition to receiving an economic stimulus credit, a qualified business agrees to provide such information and allow such inspections as the town deems reasonably necessary to verify the eligibility criteria and to ensure the qualified business's ongoing compliance therewith.
- 5) Notwithstanding anything to the contrary in this chapter:
 - a) An otherwise qualified business shall lose its eligibility for economic stimulus credits, and shall repay any previously awarded economic stimulus credits, upon any of the following:
 - i. A violation by such business or, to the extent related to the operation of the business, by any of its principals or officers, of any statute, regulation, or order of the United States or the Commonwealth of Virginia or any department or agency thereof; or
 - ii. A violation of any town ordinance that continues beyond the applicable cure period or, if none, a period of ten days.
 - b) All economic stimulus credits are subject to the appropriation requirements of the Commonwealth of Virginia and the town.
- 6) The town will issue a qualified approval letter which will specify the amount of the verified capital investment, the number of full time or part time jobs created, the amount of the economic stimulus credit(s), the eligibility criteria for receiving the economic stimulus credit(s), the procedures for verifying compliance therewith, and such other terms as may be appropriate.
- 7) If a Qualified Tourism Business leaves the Town to conduct business in another location within three (3) years of completing any incentive period, it will be required to repay the Town the total amount of Tourism Zone incentives received.

- **Sec. XX-7. - Non-waiver.**

Unless expressly stated herein, this chapter shall not be construed to waive the requirement of any ordinances, regulations, and policies that require permits and approvals for land use, construction, and business operation. Additionally, unless stated otherwise herein, nothing in this chapter shall be construed as waiving the right of the town to enforce its ordinances, regulations, or policies or to collect taxes, fees, fines, penalties, or interest imposed by law or by ordinance.