

Chapter 2

Article VIII. - Tourism Zone

2-800. Short Title.

This article shall be known and cited as the "Henry County Tourism Zone Ordinance."

2-801. Statement of purpose.

The Virginia Code authorizes Virginia localities to establish, by ordinance, one or more tourism zones for the purpose of granting tax incentives and providing regulatory flexibility to qualified businesses.

The purpose of the Tourism Zone is to promote Henry County's tourism industry by providing incentives to eligible business entities that will attract visitors, create new employment opportunities and/or promote educational opportunities while increasing travel-related revenue within the County.

2-802. Boundaries of the Henry County Tourism Zone.

The boundaries of the Tourism Zone established by this chapter shall include any parcels in the County with the Zoning classification of COMMERCIAL B-1.

2-803. - Definitions.

For the purpose of this chapter, the following words and phrases shall have the meanings ascribed to them by this section, unless clearly indicated to the contrary:

Base year. The calendar year preceding the calendar year in which the applicant submits the Tourism Zone Program Application to Tourism Zone Administrator.

Business. Any corporation, partnership, electing small business (subchapter S) corporation, limited-liability company or sole proprietorship authorized to conduct business in the Commonwealth and subject to the state income tax on net corporate rate income (section 58.1-400, et seq. of the Virginia Code). A business does not include organizations which are exempt from state income tax on all income except unrelated business taxable income as defined in the Federal Internal Revenue Code, section 512, nor does it include homeowners associations as defined in Federal Internal Revenue Code, section 528.

Capital investment. Money used by a tourism business to purchase fixed assets and not money used for day-to-day operating expenses.

Existing tourism business. A tourism business that actively engaged in the conduct of trade or business in the County before being included within a tourism zone pursuant to this chapter.

Fixed asset. A long-lived tangible piece of property owned by a tourism business used by the tourism business in the production of income including real estate, plant, and machinery and tools which triggers the payment of taxes to the County.

Incentive period. A five-year period during which a qualified tourism business receives the benefit of tourism zone incentives.

New tourism business. A tourism business not already in existence within the County prior to an area being designated as a tourism zone pursuant to this chapter.

Qualified tourism business. A tourism business that has met the qualifications set forth in section 2-804 and continues to meet such qualifications as required by this chapter.

Tourism business. A business whose primary purpose is to provide tourism products, processes or related services and 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 and increase travel-related revenue in Henry County.

Tourism products, processes or related services. Activities which promote and provide an experience for visitors to the County including, but not limited to: cultural or historical sites; recreation or athletic facilities; areas of scenic beauty or distinctive natural phenomena; family oriented destinations; tours; special events within the County; museums; wineries or related activities; and lodging that involves restoration or rehabilitation of an existing structure or includes new construction of a facility supporting rooms for overnight stay and conference space.

Tourism zone. A specific geographic area or areas created pursuant to Chapter 38, Title 58.1 of the Code of Virginia, 1950, as amended, to foster the development and expansion of tourism businesses in the County.

Tourism zone administrator. The tourism zone administrator shall be the County Administrator or his designee.

2-804. - Qualification for incentives.

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 criteria:

- a) Provide new capital investment of at least five hundred thousand dollars (\$500,000) and maintain the minimum qualifying investment levels through year five of the incentive period.
- b) Create a minimum of five (5) new full-time jobs over the base year and maintain those jobs

through year five of the incentive period.

The qualified tourism business must commit to a performance-based agreement guaranteeing certain investments, sales revenues, or other criteria determined by the County. In those areas designated by multiple incentive zones, a business may receive local incentives from only one incentive zone.

The following limitations apply:

- a) 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.
- b) If a qualified tourism business fails to pay in full any taxes imposed by the County by the due date, this may result in the forfeiture of the tourism zone incentives for that year.
- c) If a qualified tourism business files for bankruptcy during any five-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.
- d) In the event that a qualified tourism business ceases to meet the minimum capital investment criteria or removes itself from operation from within the County at any time within any five-year incentive period, it shall be required to repay the total amount of the tourism zone incentives received.
- e) If a qualified tourism business leaves the County to conduct business in another location within five years of the five-year incentive period, it will be required to repay the County the total amount of tourism zone incentive.

2-805. - Incentive period.

Qualified tourism businesses may receive the benefits of the tourism zone incentives for a five-year incentive period. Qualified tourism businesses that have completed one five-year incentive period may seek qualification for one additional incentive period of five years and will be required to provide a new capital investment of \$500,000 and create at a minimum five (5) additional new jobs.

2-806. - Local tourism zone incentives.

Qualified tourism businesses located within the boundaries of the tourism zone may be eligible for incentives as determined by the Tourism Zone Administrator, subject to the approval of the Board of Supervisors and Industrial Development Authority, and for gap financing, as provided in Section 58.1-3851.1 of the Code of Virginia, as amended.