

Enterprise Zone Amendment Application

Applicant Locality/Localities:

Name of Zone:

Zone Number:

Virginia Department of Housing and Community Development

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**VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**
Partners for Better Communities

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Overview of Amendment Application

This is the 2015 Application for an Enterprise Zone Amendment. There are 3 types of amendment applications: **Boundary Additions, Boundary Deletions, and Incentive Changes.** As you advance through the application, please delete the portions of the amendment that do not apply to your application. Detailed Instructions for completing this application can be found in the **Appendix I beginning on Page 15** of this document. Please read all of the appendices carefully before completing this application. **Each locality amending boundaries or incentives must complete a separate amendment application.**

Each enterprise zone can consist of **up to three non-contiguous zone areas**. In cases where a locality has multiple zone designations, each of those zones can consist of up to three non-contiguous geographic areas. In the case of Joint Zones, each locality's portion of the joint zone can consist of up to three non-contiguous geographic areas, but one of those three non-contiguous areas must be contiguous to at least one other participant's zone area. For more details, refer to **Appendix II beginning on Page 20**. An enterprise zone boundary amendment cannot consist of a site for a single business firm and cannot be less than 10 acres.

Enterprise zone amendment applications can be submitted **once every twelve months** from the date of the locality's last zone amendment. Joint Zones may amend their zones in one application or independently so long as each locality amends their portion of the zone only once every twelve months from the date of that locality's last amendment. The locality submitting the amendment application must be up to date in its annual reporting requirements. Once DHCD approves an enterprise zone amendment, the modifications to the zone are retroactive back to **January 1st of the Calendar Year in which the amendment was approved.** To be considered for a Calendar Year, Amendment Applications should be submitted by **November 1st** of that Calendar Year.

Checklist of Required Attachments

Place the required attachments at the end of the amendment application. Unless otherwise specified, the attachment is required for all types of application amendments.

- ☐ **Public Hearing Advertisements (2)**
Dated proof of publication required. See Page 15.
- ☐ **Official Public Hearing Minutes**
- ☐ **Local Assurances**
- ☐ **Resolution**
- ☐ **Incentive charts** (Incentive amendments only)
- ☐ **Maps** (Boundary amendments only)
- ☐ **Joint Application Agreement**
In the case of a Joint Zone, all participating localities must submit approval resolutions, even if they are not amending their portion of the zone. See Page 19.

Coversheet

Required of all applicants. Each locality amending boundaries or incentives must complete a separate amendment application.

Zone Number:

Locality:

Government Mailing Address:

Chief Elected Official (Name and Title):

Local Zone Administrator:

Name:

Title:

Phone:

E-mail:

Mailing Address:

Has this contact changed in the last 12 months? ☐ Yes ☐ No

Application Zone Type:

- ☐ Single (one locality) Enterprise Zone
☐ Single Applicant from a Joint Enterprise Zone

If Joint Zone, list other localities in Zone:

Certification of Chief Administrative Officer:

To the best of my knowledge and belief, data in this proposal is true and correct and the governing body of the participant has duly authorized the proposal through resolution. The resolution is attached.

Signature:

Date:

Name:

Title:

Type of Amendment:

Check all that apply.

- ☐ Boundary deletion
☐ Boundary amendment
☐ Incentive amendment

Total non-contiguous zone areas before amendment:

☐ 0 ☐ 1 ☐ 2 ☐ 3

Total non-contiguous zone areas after amendment:

☐ 0 ☐ 1 ☐ 2 ☐ 3

Number of non-contiguous (nc) areas added or deleted as part of amendment application:

_____ Added nc areas

_____ Deleted nc areas

Public Hearings:

☐ Completed

Attachments:

- ☐ Advertisements
☐ Minutes
☐ Resolutions
☐ Local Assurances
☐ Joint Application Agreement

Locality has submitted all annual reports required to date.

- ☐ Yes
☐ No

Amendment Requests are not considered complete and will not be processed until the locality's annual reporting requirements are fulfilled.

Boundary Amendments: Size Allowances

Complete this section only if this amendment modifies the zone boundaries and acreage.

Delete this section if you are only requesting a change to zone incentives.

- A. Basic size limits are determined by the type of locality. Towns and Cities have a minimum of one-quarter (1/4) square mile (160 acres) and a maximum of one square mile (640 acres). Counties and consolidated cities have a minimum of one-half (1/2) square mile (320 acres) and a maximum of six square miles (approximately 3,840 acres). Refer to [Appendix II on Page 20](#) for more information on zone size limits and boundary modification requirements. For zones utilizing population estimates, utilize the [Weldon Cooper Public Service Center](#)'s most recent final (not provisional) population estimates for the locality.

Size Guideline Used:

☐ Basic Land Size City/Pre-2005 Town Zone

Basic Minimum	Basic Maximum	Requested Acreage
160 Acres	640 Acres	

☐ Basic Land Size County & Consolidated City

Basic Minimum	Basic Maximum	Requested Acreage
320 Acres	3,840 Acres	

☐ 7 Percent of Land Area (Cities and Towns only)

Total Land Area	7 % of Land Area = Allowable Acreage	Requested Acreage

☐ 7 Percent of Population (Cities and Towns only)

Total Land Area	7 % of Population = Allowable Population	Requested Acreage

- B. Complete the chart below showing the size of the zone after the proposed modifications. Zone size guidelines can be found in [Appendix II on Page 20](#). When completing the chart, you may delete the example.

Locality	Current zone size in acreage	Proposed deletion size in acreage	Proposed addition size in acreage	Amended zone size in acreage (total acreage)

Boundary Amendments: Map Requirements

Complete this section only if this amendment modifies the zone boundaries and acreage.

Delete this section if you are only requesting a change to zone incentives.

The required maps must be able to fit inside a legal size mailing envelope (folded). Each of the required maps must be produced at the same scale. GIS generated maps are preferred. Topographic maps are not acceptable. Please submit maps as a separate JPEG or PDF file. **Local Zone Administrators MUST submit a draft boundary amendment map to DHCD for review prior to scheduling the public hearing.**

Map 1: Map of the locality indicating the current and amended boundaries of the enterprise zone area.

Please indicate the amended zone boundaries using the key below. All required features listed in the charts must be included on each map and clearly visible. All maps should indicate the acreage of additions, deletions, and total zone acreage.



Proposed Additions – Red fill with bold red dashed border



Proposed Deletions – Blue fill with bold blue dashed border



Existing Zone Boundaries – Green fill



Existing Zone Boundaries – Contiguous Areas of other localities in a Joint Zone

Required Zone Features Included on Map:

- Major Streets/Roads/Highways Labeled (Dark Gray Lines; Only Major Labels) 
- City/County/Town Limits (Bold Blue Solid Lines) 
- Key Businesses/Employers
- Key Properties/Revitalization Project Areas/ Developable Land
- Airports/ Ports of Entry
- Major Railways
- Office or Industrial Parks
- Special Districts

Map 2: Map of the modified enterprise zone boundary indicating the existing land use characteristics.

Please utilize the land use classifications below, and **provide a key**. Indicate on this map the total zone acreage and the approximate number of acres devoted to each type of use.

Privately Held Land

Business/Commercial
Industrial
Institutional
Single-family Residential
Multi-family
Agricultural
Parking
Mixed-use

Publicly Held Land

State/Federally Owned Land
Local Publicly Owned & Used Land
Unused Publicly Owned Land
Parks & Recreational Areas
Parking

Map 3: Map of the modified enterprise zone showing the boundaries of existing Zoning Districts.

Please **provide a key** of the zoning districts shown. If the area is not zoned, this map is not required.

Boundary Amendments: Deletion

Complete this section only if this amendment modifies the zone boundaries to delete acreage.

Delete this section if you are only requesting a change to zone incentives or adding acreage.

Boundary deletions cannot exceed 15 percent of the total enterprise zone acreage for the locality. DHCD reviews boundary deletions on a case-by-case basis and requires assurance that the applicant has based their decision on reasonable and careful consideration. In the space below, please address the following questions:

- A. Describe the areas proposed for deletion from the zone. Explain the rationale for deleting the area(s) from the zone. Identify the total number of properties and the total number of businesses in the deleted area, and describe the process used to notify the owner of each property and business.]
- B. **The local governing body must separately notify each property and business owner located within the area of the proposed deletion two weeks prior to holding the public hearing. A copy of these notification letters must accompany the amendment application.** If the same letter was mailed to multiple owners, please provide a list of who received the letter. Publication of an ad in the local newspaper does not, by itself, meet this requirement but may be used as an additional form of notification.
- C. Outline any comments received from these owners as well as comments made at the public hearing regarding the deletion, and how these comments were addressed.
- D. Discuss the impact of this decision on the revitalization efforts in the area(s) to be deleted and on the overall economic development efforts of the locality. Describe any future plans for the area(s).

Boundary Amendments: Addition

Complete this section only if this amendment modifies the zone boundaries to add new acreage.

Delete this section if you are only requesting a change to zone incentives or deleting acreage.

Boundary additions cannot consist of a site for a single business and cannot be less than 10 acres in size. Counties with enterprise zones can include acreage within corporate town limits, provided the acreage addition falls within the total zone size requirements for the locality. **Existing towns with enterprise zones may not add portions of the unincorporated areas into the zone through the amendment process.** In the space below, please address the following questions:

- A. Describe the areas proposed for inclusion into the zone boundaries and explain the strategic importance of adding each area(s) to the zone.
- B. Indicate whether each added area is contiguous to existing zone boundaries or will count as a new non-contiguous zone area.
- C. Discuss relevant economic conditions, economic development/revitalization efforts occurring within the proposed addition. Quantify this information where possible.

Incentive Amendment

Complete this section only if this amendment modifies the local incentive package.

Delete this section if you are only requesting a boundary amendment.

All zones are required by statute to offer local enterprise zone incentives. Localities should regularly review their incentive package to ensure utilization by businesses and effectiveness in attracting/expanding targeted business sectors within the zone. In the case of boundary amendments to include corporate town limits, the town functions as part of the county's zone boundaries and is not required to offer local incentives but may do so. Refer to [Appendix III on Page 22](#) for more information about local incentives. In the space below, please address the follow questions:

- A. Why are the local incentives being modified? Discuss utilization, changing trends, or special circumstances affecting the decision to modify.
- B. What aspects of each incentive are being modified and why? Explain the research that the modification is based on (i.e. survey of zone businesses, utilization numbers, focus groups, etc).
- C. Have the modified incentive package or new incentive(s) been reviewed by the local governing body's attorney and determined to be legal? ☐ Yes ☐ No
Attorney Name: _____ (Signature not required.)
- D. Are existing incentives deleted and or changed as part of the amendment proposal? ☐ Yes ☐ No
If yes, complete [Chart 1](#) below concerning the required replacement incentives and explain why the incentive is being changed or deleted.

Chart 1: Incentive Deletion & Amendment Chart

Complete the chart below to indicate **any and all changes** to and **deletions** from the local incentive package. Local incentives can be deleted if replaced by incentives that are equal or superior (particularly with financial incentives) to those currently offered. When completing the chart, you may delete the example. Additional rows may be added to the table as needed. To add additional lines, click in the bottom-right cell of the table, and hit the Tab button on your keyboard. **Contact DHCD staff to discuss your plans to modify incentives prior to holding the public hearing.**

Existing Incentive (by locality)	Replacement Incentive (by locality)	Justification for Deletion/Change	Justification for Replacement
<u>DELETION EXAMPLE:</u> Pleasantville Wastewater Hookup Fee Waiver (Offered by Pleasantville County)	Reduced Water & Sewer Rates (Offered by Regional Wastewater Bureau)	Pleasantville County has constructed a joint wastewater treatment facility with Emerald City. Therefore, the existing water and sewer hookup fee waiver must be eliminated because the County no longer collects these fees and therefore cannot waive them.	While the Regional Wastewater Bureau would not waive all upfront hookup fees, they will offer <u>new</u> businesses within the zone reduced water and sewer rates.
<u>CHANGE EXAMPLE:</u> Reduced Water & Sewer Rates for New Restaurants (Offered by Pleasantville County)	N/A	Pleasantville County previously offered reduced water & sewer rates for new restaurants in the zone. We are expanding this incentive to all restaurants in the zone, not just new restaurants. This change is intended to help retain older restaurant establishments.	N/A

Existing Incentive (by locality)	Replacement Incentive (by locality)	Justification for Deletion	Justification for Replacement

Chart 2: Incentive Package

Complete this section only if this amendment modifies the local incentive package.

Delete this section if you are only requesting a boundary amendment.

Provide information for **new and existing incentives**. This chart may be reproduced to accommodate all incentives. All changes to incentive should be described in detail in **Chart 1: Incentive Deletion & Amendment Chart**. The chart below will replace the current chart in your Enterprise Zone designation application. Complete the incentive chart to include **all incentives** to be offered upon approval of the amendment. For detailed instruction on this chart, see

Incentive Name: EXAMPLE: Machinery & Tools Investment Grant	
☒ New Incentive ☐ Amended Incentive ☐ Existing Incentive Provider: <i>Halifax County</i> Name: <i>Machinery & Tools Investment Grant</i> Description: <i>Grant program based on the machinery and tools taxes paid to the County by new or expanding businesses located in the Enterprise Zone. Grants are awarded for a five-year period based on the increase in their machinery and tools tax liability.</i> <i>Year 1: Grant = 100% of M&T Tax Increment</i> <i>Year 2: Grant = 80% of M&T Tax Increment</i> <i>Year 3: Grant = 60% of M&T Tax Increment</i> <i>Year 4: Grant = 40% of M&T Tax Increment</i> <i>Year 5: Grant = 20% of M&T Tax Increment</i>	Localities included in this incentive: <i>Halifax County including the Town of Halifax</i> Exclusive to Zone Properties/Businesses: ☒ Yes ☐ No, if no please explain how it will be tailored to zone. Period of Availability: <i>Life of Zone</i> Effective date: <i>January 1 of the Calendar Year amendment approved.</i>
Qualification Requirements for Incentive: <i>To qualify, a business must demonstrate an increase of at least 20% in their annual machinery and tools taxes <u>OR</u> an investment of at least \$50,000 in taxable machinery and tools- whichever threshold is lower.</i> Timeframe for Qualification: <i>Year 1 of the grant will be the tax year in which the machinery and tools are purchased. Applications must be submitted by July 1 of the first year in which taxes are paid on the increased assessment (aka the calendar year following the investment).</i>	Financial Value of Incentive: <i>The current Machinery & Tools Tax Rate is \$1.25 per \$100 Assessment. Therefore, a company that increases the assessed value of their machinery and tools by \$250,000 would get a grant of \$3,125 in Year 1, \$2,500 in Year 2, \$1,875 in Year 3, \$1,250 in Year 4, and \$625 in Year 5. The total value of their grant would be \$9,375.</i> Source of Funds: <i>N/A</i>
Action to Implement: ☒ Local Ordinance ☒ Approval by Board of Supervisors ☐ Other:	Annual Budget Allocation Pending Approval: <i>No annual allocation. Foregone revenue.</i>

Incentive Name:	
☐ New Incentive ☐ Amended Incentive ☐ Existing Incentive Provider: Name: Description:	Localities included in this incentive:
	Exclusive to Zone Properties/Businesses: ☐ Yes ☐ No, if no please explain how it will be tailored to zone.
	Period of Availability: Effective date:
Qualification Requirements for Incentive:	Financial Value of Incentive:
Timeframe for Qualification:	Source of Funds:
Action to Implement: ☐ Local Ordinance ☐ Approval by Board of Supervisors ☐ Other:	Annual Budget Allocation Pending Approval:

Appendices

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Appendix II:

Size requirements	Page 15
Zone configurations.....	Page 15, 16

Appendix III:

Requirements for incentive amendments.....	Page 17
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Public Hearing and Resolution Requirements

Advertisement Requirements

- ❑ Ads must be published once a week for two successive weeks in a newspaper of general circulation.
- ❑ The final advertisement cannot be published less than five days or more than twenty-one days prior to the hearing.
- ❑ The ad must give the time, date, and location of the hearing.
- ❑ Amendment Application must include proof of publication showing the dates the ad was published.

Public Hearing Requirements

- ❑ Local Governing Body must hold at least 1 public hearing prior to passing the resolution authorizing submission of the amendment application.
- ❑ Public Hearings may not be held more than 6 months prior to submission.
- ❑ Public Hearings must be open to the public and allow time for comment.
- ❑ Amendment Application must include an official copy of the Public Hearing Minutes.

The complete requirements for conducting public hearings are stated in
§15.2-2204, Code of Virginia.

Resolution Requirements

- ❑ Resolutions should indicate that the local governing body:
 - ❑ Is applying for an Enterprise Zone Amendment
 - ❑ Authorizes the Chief Administrator acting as Local Zone Administrator to submit all information needed to apply for a zone amendment
 - ❑ Authorizes the Chief Administrator to meet other administrative and reporting requirements, as defined by the Enterprise Zone Regulations, throughout the life of the zone.
 - ❑ If in Joint Zone: Indicates that each locality has completed the Joint Application Agreement, authorizing the amendment application to be submitted.
- ❑ Where there is no Chief Administrator, a Clerk may also be authorized for these duties.

Information for Joint Zone Localities

- ❑ Each locality in a joint zone must submit a separate amendment application to amend their boundaries or local incentives.
- ❑ **All localities participating in the joint zone (regardless of whether or not they are amending their portion of the zone) must pass approval resolutions and sign joint application agreements for any amendment made by a partnering joint applicant.**
- ❑ Each locality can only amend their portion of the zone application once every twelve months from the approval date of their last amendment.

Advertising and Public Hearing

Sample Advertising & Public Hearing Timeline

1-month Prior to Advertising: Amendment Draft Submitted to DHCD for Review. Public Hearing Date Set after DHCD Draft Approval.

Day 1: Public Hearing Advertisement 1

Day 8: Public Hearing Advertisement 2 (7 Days after 1st Advertisement)

Day 15: Public Hearing Held (5 to 21 Days after 2nd Advertisement)

Day 16: Governing Body Resolution Passed (After Public Hearing)

Day 20: Local Assurances Signed by Chief Administrator (After Public Hearing & Resolution)

Day 30: Joint Zone Amendment Agreement Signed (After Public Hearing & Resolution if Joint Zone)

Day 60: Amendment Submitted to DHCD (Within 6 months of Public Hearing)

Governing Body Resolution

██████████ County Board of Supervisors

**RESOLUTION
2014-12-05**

VIRGINIA: At a regular meeting of the Board of Supervisors of ██████████ County, Virginia, held on Tuesday, December 16, 2014, the following resolution was presented and adopted:

WHEREAS, ██████████ County has a designated Enterprise Zone, identified as Zone #███, that provides a combination of State and Local incentives to promote economic development, and

WHEREAS, there is a current need to amend the existing Enterprise Zone #███ in ██████████ County to incorporate additional properties in and around the Towns of ██████ and ██████ to increase economic growth opportunities, and

WHEREAS, this proposed expansion will serve to benefit economic and industrial expansion of ██████████ County to meet the goals and objectives of the Virginia Enterprise Zone Program, then

THEREFORE, BE IT HEREBY RESOLVED that the ██████████ County Board of Supervisors authorizes the County Administrator to submit the necessary Enterprise Zone amendment package and sign all necessary documentation on behalf of ██████████ County for this proposed Enterprise Zone amendment, and to meet other program administrative and reporting requirements, as defined by the Enterprise Zone Regulations throughout the life of the zone.

Given under my hand this 16th day of December, 2014.

Recorded Vote

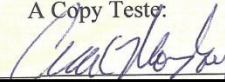
Moved By: ██████████

Seconded By: ██████████

Yeas: 7

Nays: 0

A Copy Teste:



██████████ County Board of Supervisors



Local Assurances

Local Assurances and Authorizations are used to certify the accuracy of the information provided by the applicant and to insure that the Program Regulations will be met. All applications must include a certified Resolution from the local governing body, which is separate from the Local Assurances

LOCAL ASSURANCES

As the representative of the local governing body of _____, I hereby certify that:
(locality)

- 1) The information in the Enterprise Zone application is accurate to the best of my knowledge;
- 2) A public hearing was held on _____ by the aforementioned locality to solicit comments on this request for application amendment. A copy of the public hearing advertisement and a copy of the public hearing minutes are attached;
- 3) Any local enterprise zone incentives proposed by the aforementioned locality in the Enterprise Zone application represents a firm commitment by the locality and have been reviewed by the local governing body's attorney as to their legality;
- 4) It is understood that if at any time the aforementioned locality is unable or unwilling to fulfill a commitment to provide local enterprise zone incentives, or if no state enterprise zone incentives have been utilized within a five-year period, the zone shall be subject to termination.

Chief Administrator: _____

Title: _____

Date: _____

Joint Zone Amendment Agreement

Each jurisdiction participating in a joint zone must complete the following form when any jurisdiction in the zone submits an amendment application. This form insures that all jurisdictions are in agreement with the application being submitted by the amending jurisdiction.

JOINT ZONE AMENDMENT AGREEMENT

As the representative of the local governing body of _____, I hereby certify that:
(locality)

- 1) The aforementioned locality is in agreement with the amending jurisdiction in filing this amendment;
- 2) The information in the Enterprise Zone application is accurate to the best of my knowledge;
- 3) A public hearing was held by _____ on _____
(amending locality) (date)
to solicit comments on this amendment application amendment;
- 4) It is understood that if at any time the aforementioned locality is unable or unwilling to fulfill a commitment to provide local enterprise zone incentives listed in this application, the zone shall be subject to termination.

Chief Administrator: _____

Title: _____

Date: _____

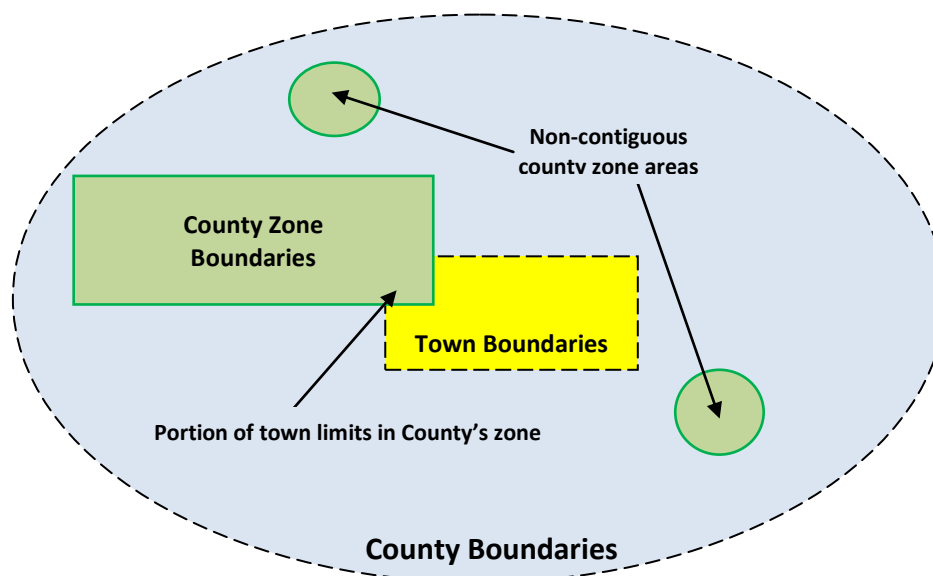
Zone Size Requirements and Configurations

Size Limits for City Zones	Size Limits for County Zones
<u>Minimum</u>: one-quarter (1/4) square mile (160 acres). <u>Maximum</u>: one square mile (640 acres). <u>Towns</u>: Town Zones designated before 2005 should use the City size requirements listed here. <u>Exception</u>: may be larger than one square mile provided it does not exceed seven percent (7%) of the locality's land area or it does not encompass more than seven percent (7%) of the locality's total population. To calculate the population exception, the LZA must use the most recent Weldon Cooper Centers' final (not provisional) population estimates for the locality. Amendments submitted with incorrect population estimates will not be accepted. <u>Weldon Cooper Public Service Center:</u> http://www.coopercenter.org/demographics/POPULATION%20ESTIMATES/	<u>Minimum</u>: one-half (1/2) square mile (320 acres). <u>Maximum</u>: six square miles (approximately 3,840 acres).
	Size Limits for Zones in Consolidated Cities
	Zones in cities where the present locality boundaries have been created through the consolidation of a city and county (Chesapeake, Hampton, Newport News, and Virginia Beach) or the consolidation of two cities (Suffolk and Richmond), must use the minimum and maximum size guidelines for County Zones described at left.

Single Jurisdiction Zone Size Requirements and Configurations

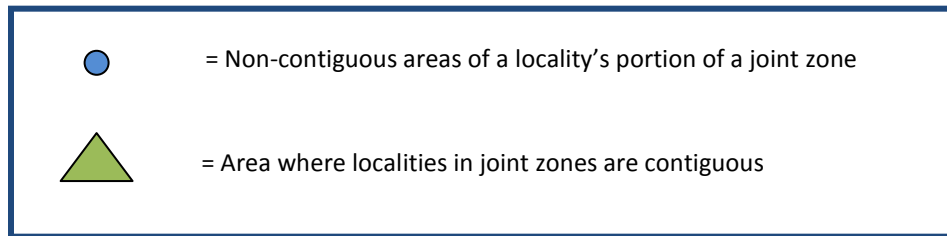
Single zone: An enterprise zone located entirely within a single jurisdiction. The locality's zone can consist of three non-contiguous zone areas. If a locality has two zone designations, each of the zones can consist of three non-contiguous areas.

For zones designated after 2005, a county zone may include incorporated town acreage as part of the county's zone acreage. This addition does NOT constitute a joint zone. The acreage within the town limits counts towards the county's maximum zone acreage. Towns added into the county acreage are not required to offer local enterprise zone incentives, but may.

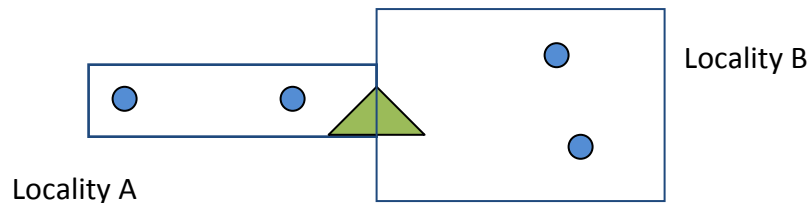


Joint Zone Size Requirements and Configurations

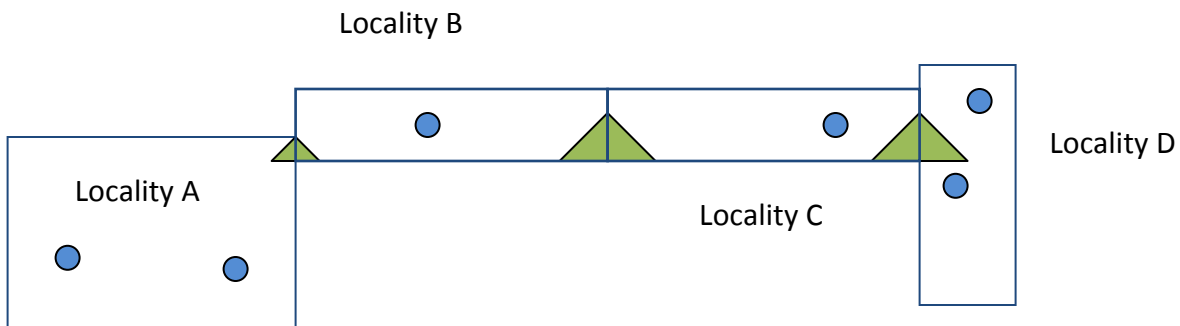
A joint zone is an enterprise zone located in two or more jurisdictions. Each locality's portion of the joint zone can consist of up to three non-contiguous areas. The total acreage of the three non-contiguous areas must meet the total size requirements for that type of locality. In the case of the joint zone, one of the locality's three possible zone areas must be contiguous to at least one other participant's zone area. The following are some examples of joint zone configurations:



EXAMPLE A: TWO-LOCALITY JOINT ZONE



EXAMPLE B: FOUR-LOCALITY JOINT



Incentive Amendments

Local incentives are a critical part of the success of an enterprise zone and they should be selected carefully. It is important for a locality to develop a package of incentives that address the locality's economic conditions and barriers to economic development goals. Local incentives should assist target businesses in overcoming these specific barriers by providing incentives tailored to their needs. The number of incentives is not as important as the quality and impact of the incentives. If no zone businesses have qualified for a particular local incentive for more than one year, it might be appropriate to make amendments to the incentive.

Because Virginia is a Dillon Rule state, localities have very little authority to offer local tax incentives unless expressly allowed through the Code of Virginia. The Virginia Enterprise Zone Grant Act allows participating localities to offer a variety of incentives to businesses.

1. Dos & Don'ts

- ❑ Local incentives **should be directly linked to revitalization and development goals.**
- ❑ Local incentives **should be tailored** to both new and existing targeted business sectors.
- ❑ Local incentives **should offer a variety of financial and non-financial incentives.**
- ❑ Local incentives **should be based on feedback from existing businesses** that can identify industry priorities and obstacles to growth. Once established, incentives **should be updated** based on regular feedback from participating zone businesses.
- ❑ Incentives **should reward firms that make a commitment to invest** in a zone by creating new jobs and/or investment. Some incentives **should have a performance threshold** for qualification.
- ❑ Local incentives **should fill in the gaps of the state incentives** therefore qualification for local incentives **should NOT be contingent on state incentive** qualification.
- ❑ Local incentives **should have measurable outcomes** to track development.
- ❑ Incentives **should represent sound fiscal policy** and not provide an excessive level of benefit that would be inappropriate from an economic point of view.
- ❑ Local incentive **should NOT violate the Virginia Constitution.** The Uniformity Clause of Article 10, Section 1, of the Virginia Constitution specifies that taxation must be uniform in territory, subject, and class. As it relates to the Enterprise Zone program the concern is that taxation must be uniform throughout an entire locality unless there is state enabling legislation that allows otherwise. Local incentives **should be reviewed by the local governing body's attorney** to ensure their compliance with the Virginia Constitution.
- ❑ Local incentives **should NOT be available throughout the entire locality** unless special actions are taken to encourage greater utilization of the incentive within the proposed enterprise zone or a greater benefit is provided within the zone (i.e. lower qualification threshold or larger grant amount).

Incentive Amendments Cont...

2. Instructions for Chart 2

Incentive number, name and description: Number the incentive; provide its name, and a brief description.

Provider: Identify the name of the organization or entity that has primary responsibility for implementing the incentive. If the applicant locality is to be the provider, indicate this with the word "applicant". In the case of a **Joint Zone**, use the name of the appropriate locality.

- ❑ If the incentive is to be provided by an assigned agent, indicate the name of the organization or entity and attach the commitment letters or memorandums of understanding. A local redevelopment or housing authority, industrial development authority, school board or other independent/semi-independent agency is considered an assigned agent. For example, if Saltville's Office of Planning will issue the BPOL waiver, they should be listed as the provider on the incentive chart.

Qualification Requirements: List any locally imposed requirements that businesses must meet in order to receive the incentive. If there are no eligibility requirements or if the incentive involves service improvements, capital expenditures or other actions that benefit the businesses and residents within the zone, indicate with the word "none." An example of a qualification requirement would be that a business must make a certain dollar amount of real property improvements in order to receive the local incentive.

Timeframe for Qualification: If there is a period of eligibility for applicants, please include it here. For example, if a business is eligible for BPOL tax exemption for 5 years, the applicant should indicate what would serve as Year 1. In some localities this would be their first full calendar year of operation, while in others, it would be 12-month years from the date of their BPOL or the portion of the calendar year after they receive their BPOL.

Exclusivity to Zone: Check appropriate box. For localities offering an incentive that is not exclusive to the zone, use this section to explain how the incentive will be enhanced for use in the zone. Remember, incentives that are available locality-wide should not be included in the package unless they have been modified for added benefit or reduced qualification requirements within the zone boundaries.

Period of Availability: Indicate the period of time for which the incentive will be made available; "entire life of zone" or "first five years of zone operation", etc. Explain the rationale behind the period of availability. This box refers to the period of availability for the incentive, not the qualification period for an applicant, which should be described under "Qualification Requirements".

Effective Date: Indicate when the incentive will become available, i.e. "upon zone designation" or "FY 2017."

Action to Implement: Indicate what actions have been or will be taken to assure that the incentive will be implemented, and who will be responsible for initiating this procedure. This may include actions such as a local ordinance or formal approval by the Board of Supervisors. Any real property partial tax exemptions allowed under statute [§ 58.1-3219.4](#), [§ 58.1-3220.1](#), or [§ 58.1-3221](#) require an ordinance.

Financial Value of Incentive: Quantify the estimated value of the incentive for a typical business and indicate an anticipated amount available, if appropriate. Example: If the average building permit fee is \$1,000, the value of an incentive to waive building permit fee is \$1,000. A free design assistance incentive would report a dollar amount based on the estimated market rate cost of the service.

Source of Funds: State the source of funds required to implement the incentive (e.g., "local general funds", "local revenue bonds"). For sources of funds other than local revenues, indicate the status of fund availability ("grant received" or "application pending"). If the incentive does not involve direct expenditures (regulatory or tax relief), indicate this with the word "none" or "forgone revenue."

Annual Budget Allocation (Pending Approval): For proposed incentives that will be funded through local revenues, indicate the amount that will be allocated in the locality's annual budget.

3. Examples of Local Incentives

The following list is not inclusive but serves as an example of the most frequently offered local enterprise zone incentives:

Real estate tax exemption: Virginia Code sections 58.1-3220 and 3221 serve as the enabling legislation and give all localities the authority to offer exemptions on real estate tax when certain conditions are met. This incentive can be offered locality wide, not just within the zone. In such cases where this incentive is offered locality-wide, the incentive criteria needs to be customized in the zone in order to be considered as a local enterprise zone incentive. **Real estate tax abatement, refunds, or rebates are prohibited under the State Constitution.**

Machinery & tools tax grants: The Uniformity Clause applies and there is no enabling legislation to allow for the exemption of this tax. Therefore, a locality wishing to offer an incentive related to the machinery and tools tax must first collect the tax uniformly from all appropriate taxpayers across the locality -those within the enterprise zone as well as those outside the zone. Once the tax is collected, the locality may offer businesses a grant based on their machinery and tool tax. This is usually done through the local Industrial Development Authority. **Machinery and tools tax abatement, refunds, or rebates are prohibited under the State Constitution.**

BPOL tax, utility tax, or permit fees: The Uniformity Clause does not apply to these taxes and fees. Localities are free to offer these incentives in the form of rebates, refunds, and abatements.

Local Enterprise Zone Development Taxation Program: Section 58.1-3245.6 through Section 58.1-3245.11 of the Code of Virginia enables designated zone localities to establish a Local Enterprise Zone Development Taxation Program. Incremental tax revenues generated from real property or machinery and tools, or both can be used to establish an enterprise zone development fund to pay for enhancements to government services that promote economic development.

Tax Exemption: §58.1-3221 of the Code of Virginia enables localities to defer the taxes on the increase in assessed value as a result of the rehabilitation of real estate for structures at least 15 years of age in enterprise zones and 20 years of age elsewhere in the jurisdiction.

Local Tax Rebates: BPOL tax fees, local sales tax on items purchased in the community for conduct and trade of business in the enterprise zone.

Business Loans: Facade improvement loans for both commercial and industrial properties, low interest loan funds for start-up and expansion, revolving loan funds composed of local and private funding sources.

Fee Waivers: Permit fees, sewer and water tap fees, utility fees.

Job Training: Targeted training programs to meet business needs.

Non-financial: Fast track permitting, loan packaging assistance, and design assistance.

Incentive Amendments Cont...

4. Local Incentive Qualification Requirements

A locality should establish qualification requirements for each of its local incentives so that the incentives allow for a good return on investment for the locality (i.e. private investment or jobs leveraged). These requirements should be reasonable (not too restrictive) so that businesses can actually qualify. The detailed qualification requirements for each local incentive should be outlined in writing and approved by the local governing body prior to the submitting the amendment to DHCD. As part of this process, pertinent terms of the incentive qualifications should be defined as should the process for incentive application approval, life of the incentive, and the value of incentives. For example, if a locality is offering a machinery and tools tax grant based on the creation of five new jobs the locality needs to define “new jobs” for the purposes of the incentive qualification. Continuing with this example, would “new jobs” be considered net new, permanent full time and would there be any wage or benefit requirements in this definition?

In addition, a locality may establish conditions on the availability of such incentives. For example, a locality may propose to make grant funds available to new businesses during the first five years of zone operation. It may propose a three-year utility tax exemption for new or expanding firms or propose to restrict the availability of low interest business loans to new firms locating in the zone that agree to meet certain locally set hiring requirements. **Conditions should NOT require businesses to qualify for a state incentive in order to qualify for a local incentive.**

5. Financial Value of Incentives

The quantity of local enterprise zone incentives offered is not as important as the quality of local incentives. The incentives should be meaningful and beneficial to targeted business sectors. For example, if the cost of water and sewer service is higher in the county than in the city, the county zone may consider offering a water/sewer hookup fee incentive to help offset its higher service fees. The financial impact of the water/sewer hookup fee incentive should provide a considerable reduction, not just mere pennies in savings. Some incentives may have a different type of monetary value but can still have a valuable impact on the business. For example, if crime and vandalism to zone businesses is an issue, free consultations with the Crime Prevention through Environmental Design (CPTED) planner with the police department can be a valuable incentive where the value of the incentive would be the “consultant” market rate or police employee wage for such training.

6. Local Assigned Agents

A locality may designate an assigned agent, such as a local redevelopment and housing authority, a nonprofit entity or a private for-profit entity, to provide local incentives. This arrangement should be documented by a written commitment from the agent.

7. Termination

Section §59.1-284 of the Virginia Enterprise Zone Grant Act describes two circumstances that can result in the termination of a designated zone. First, in the event the local government or an assigned agent is unable or unwilling to provide regulatory flexibility, tax incentives or other public incentives as proposed in the application for zone designation, the zone may be terminated. This is avoidable if the applicant is able to amend the application by substituting an incentive that is equal or superior to the incentive originally approved. Second, if no business firms in an enterprise zone have qualified for state incentives within a five-year period, the zone will be terminated.

Frequently Asked Questions

1. If I submit an amendment, when does it take effect?

- a. An amendment is retroactive to January 1 of the calendar year in which the amendment was submitted.

2. Is there a deadline for amendment applications?

- a. For consideration within a Calendar Year, Amendment Applications should be submitted to DHCD no later than November 1st of that calendar year. Approval of Amendment Applications can take several weeks to process, and applications submitted during December are not guaranteed for approval for that year.

3. Does DHCD have to review our amendment plans before the Public Hearing?

- a. Yes. DHCD must review your amendment plans before the Public Hearing is scheduled. Local Zone Administrators should send draft boundary and incentive changes to DHCD to approve, to ensure that the proposed changes fall within the program regulations. DHCD recommends submitting drafts at least 1 month in advance of the intended public hearing date.

4. Do I complete the entire application?

- a. No. Local Zone Administrators should only submit the pages of the application that apply to the amendment they are requesting. For example, if the amendment requests a boundary addition, the boundary deletion and incentive amendment sections can be deleted.

5. How can amendment be used to improve state incentive usage?

- a. Amendments can be a strategic tool for improving the impact of an Enterprise Zone. Local Zone Administrators should contact DHCD to discuss options for improving incentive use in order to avoid expiring due to inactivity.