

## **Proposed Enterprise Zone Ordinance for the Town of Luray, Virginia.**

- **A local ordinance must be drafted and adopted in order to utilize/extend Enterprise Zone benefits.**
- **It is proposed that the Enterprise Zone ordinance be added to Appendix A (Zoning) of the Town Code by creating a “Section 411 - Luray Enterprise Zone” ordinance.**
- **This newly created ordinance will detail the location, benefits and responsibilities associated with participating in Page County’s (Luray’s) Enterprise Zone.**

### **Section 411 – Luray Enterprise Zone**

#### **411.1 – Statement of Purpose**

The Virginia Enterprise Zone Act, section 59.1-270 et seq., of the Code of Virginia, as amended, authorizes the establishment of an Enterprise Zone. It is the purpose of the Enterprise Zone Act, and of this article, to stimulate business and industrial growth within the area so designated as the Page County Enterprise Zone, which includes portions of the Town of Luray, by means of state income tax credits, state sales tax exemptions, and local incentives as set forth herein.

#### **411.2 – Boundaries of the Page County Enterprise Zone and Town of Luray Enterprise Zone**

The boundaries of the Page County Enterprise Zone, which encompasses portions of the Town of Luray, is established on the map entitled, "Map of the Page County Enterprise Zone," which is on file in the Page County Office of Economic Development and Tourism, located at 117 South Court Street, Luray, Virginia. These specific areas were established as enterprise zones on January 1, 2015 by the Governor of the Commonwealth of Virginia for a period of ten (10) years in accordance with the Virginia Enterprise Zone Act.

#### **411.3 – Definitions**

*Business firm:* Any corporation, partnership, electing small business corporation, Limited Liability Company or sole proprietorship authorized to do business in this Commonwealth of Virginia and the Town of Luray, Virginia. However, a business firm 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.

*County:* The County of Page, Virginia

*Enterprise zone:* An area declared by the Governor of the Commonwealth of Virginia to be eligible for the benefits accruing under the Virginia Enterprise Zone Act.

*Equivalent employment or full-time equivalent job:* Forty (40) hours per week of an hourly wage (or the salaried equivalent). A single equivalent job may be represented by one employed individual, or by multiple employed individuals whose aggregate hours of employment (or salaried equivalent) equal forty (40) hours per week.

*Existing business:* Any business operating or located within the enterprise zone on January 1, 2015, or within Page County, or Town of Luray, prior to its location within the enterprise zone. A business which retains the same ownership and which was operating or located within the enterprise zone on January 1, 2015 or within the town prior to location with the enterprise zone shall not be defined as a new business, even if the name or entity (corporate or otherwise) has changed.

*New business:* A business operating within the enterprise zone after January 1, 2015, having had no prior business location within Page County, or the Town of Luray.

*Town:* The Town of Luray, Virginia

#### **411.4 – Qualification for state incentives**

- (a) State incentives are available to eligible businesses and zone investors who create jobs and invest in real property within the boundaries of the Page County Enterprise Zone located in the Town of Luray. Eligibility for state incentives, and the application process for obtaining incentives, shall be coordinated between Virginia Department of Housing and Community Development and Page County's Office of Economic Development and Tourism. These incentives are as follows:
- 1) Qualification for the Job Creation Grant (JCG) is based on permanent full-time job creation over a four (4) job threshold, with wage rates at least 175 percent of the Federal minimum wage and availability of health insurance. Personal services, retail, food and beverage positions are not eligible to receive job creation grants.
  - 2) Real Property Investment Grant (RPIG) is based on qualified investments made to commercial, industrial, and mixed-used buildings for facilities located within the boundaries of an enterprise zone. To be eligible for the RPIG, an individual or entity

must invest at least \$100,000 for rehabilitation or expansion projects and at least \$500,000 for new construction projects.

#### **411.5 Qualification for local incentives (Administered by Page County's Office of Economic Development & Tourism)**

(a) Capital Investment Grant (CIG). The CIG is a grant equal to 75 percent of the taxes paid on net new taxable in machinery and tools, business personal property, and/or real estate, as measured by the increase in assessment. The CIG will be delivered as a grant made to the recipient after taxes have been paid to the Town (and/or the County) after all eligibility requirements have been met by the recipient. The CIG will be paid semi-annually, after all taxes due have been paid by the recipient, for a period of 5 (five) years. Additional qualification Requirements:

(1) Location in Enterprise Zone;

(2) The creation of at least 5 (five) new full-time jobs or full-time equivalent jobs, to be maintained throughout the grant period, with an average annual salary/wage at least equal to 85 percent of the most current prevailing local wage as determined by the Virginia Employment Commission;

(3) Net new taxable investment in machinery and tools of at least \$100,000, to be maintained throughout the grant period, to be attained within 24 months of entering into a grant performance agreement;

(4) Or a net new taxable investment in business real estate of at least \$150,000, to be maintained throughout the grant period, to be obtained within 24 months of entering into the grant performance agreement;

(5) Payment of all taxes and fees due to the County and/or Town in a timely manner during the grant period;

(6) Entrance into a grant performance agreement with the Page County Economic Development Authority, acting on behalf of the Town of Luray, and

(7) Annual submission of evidence of compliance with the grant performance agreement during the grant period.

(b) Business/Professional/Occupational License (BPOL), Local Sales Tax, Meals and/or Lodging Tax Refund (BSMLR). The refund is a grant equal to a percentage of new business license fees, local option sales tax, meals and/or lodging taxes paid by the qualifying company/business determined by the following schedule: Year 1 – 80 percent refund; Year 2 – 60 percent refund;

Year 3 – 40 percent refund; and Years 4 and 5 – 20 percent refund. The BSMLR will be paid semi-annually for a period of five (5) years after all taxes have been paid by the recipient and amount(s) paid determined by the Commission of Revenue or Town Treasurer. A business may qualify for and receive the BSMLR for one grant period only during the life of the Enterprise Zone. Additional qualification requirements:

- (1) Location in Enterprise Zone;
- (2) Creation of at least five (5) full-time jobs (or full-time equivalent) or 10 percent expansion of current number of jobs, whichever is greater to be maintained throughout grant period;
- (3) Payment of all taxes and fees due to the Town and/or County in a timely manner during the grant period;
- (4) Submission of an annual application during the grand period; and
- (5) Annual submission of evidence of compliance with the grant performance agreement during the grant period.

(c) Business Development Loan Program (BDLP). The BDLP provides loans up to a maximum of \$50,000 to be utilized by new or existing businesses located in the Enterprise Zone. The BDLP is administered by Page County Economic Development Authority (EDA), and all inquiries and applications must be submitted to the EDA for review and approval. Additional qualification requirements:

- (1) Creation of at least 1 (one) full-time, or full-time equivalent job;
- (2) Underwriting must be successfully completed;
- (3) Payment of all taxes and fees due to Town and/or County must be paid in a timely manner during the loan period; and
- (4) Annual submission of evidence of compliance with the terms of the loan agreement during the loan period;
- (5) The loan must be fully collateralized.

(d) Commercial Rehabilitation Real Estate Tax Exemption (CRRETE). The CRRETE exempts qualifying real estate assessments (QREA) from increases in taxation by the Town and/or County for a period of between 5 (five) to 15 (fifteen) years. A QREA provides for tax rebates based upon the difference between pre and post improvement tax assessments. Once improvements are realized, qualifying properties are eligible for semi-annual Town and/or County real estate

tax rebates for the increased assessment amount only. Applicants may receive said rebates after all real taxes are paid to the Town and/or County. Additional qualification requirements:

- (1) The qualifying property must be in the Enterprise Zone;
- (2) The qualifying property must be at least 15 years old;
- (3) The property must be in commercial or industrial use;
- (4) The cost of rehabilitation must be at least 40 percent of the property's pre improvement assessment prior to the commencement of rehabilitation work with a minimum investment of no less than \$50,000 as determined by the Page County Building Official;
- (5) The property cannot be expanded more than 15 percent of its existing size prior to commencement of the rehabilitation work;
- (6) Applicants must comply with all other terms and conditions of section 58.1-3221 of the Code of Virginia.

(e) Refund of Various Development Fees (RVDF). The RVDF refunds half of the building permit, site plan and/or zoning, rezoning zoning variance or special use permit fees paid to the Town and/or County by a qualifying applicant. The fees are refunded upon the successful completion of the qualifying project. Fees related to emergency management services (EMS), Stormwater management and/or utility facility/connections are not subject to the RVDF. Additional qualification requirements:

- (1) The qualifying project must be in the Enterprise Zone.

(f) Business Visitation Prioritization (BVP). The BVP is implemented by Page County's Economic Development Coordinator, and may include other professional and resources in accordance to availability and appropriateness. The Economic Development Coordinator will provide consultation services to qualifying business to assist in resolving issues related to conducting business. The degree and variety of services provided will be determined by the Economic Development Coordinator, and allocated according to time and resources.

(g) HUBzone Assistance (HZA). HZA is provided by the Page County's Economic Development Coordinator for businesses seeking HUBzone certification, and to existing HUBzone certified businesses located in the Town and/or County.

(f) Fast Track Development Program (FTDP). Through the FTDP, businesses applying for rezoning and/or special use permits may request joint hearings of the Town's Planning Commission and Town Council as a means to expedite process. Additional qualification requirements:

(1) The qualifying project must be in the Enterprise Zone; and

(2) The joint hearing request must be coordinated through Page County's Economic Development Coordinator, and the administration of the Town of Luray.

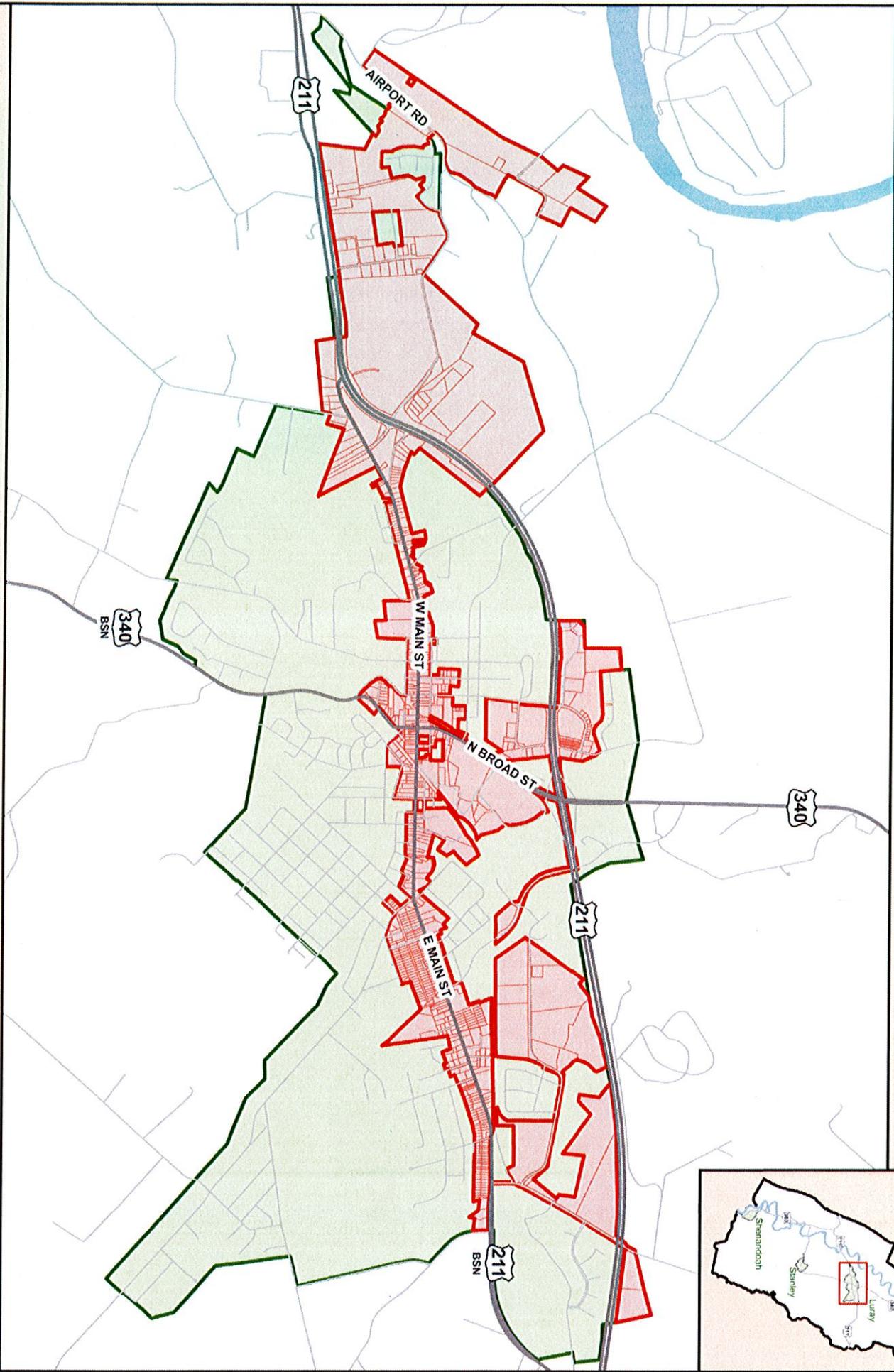
**411.6 – Incentives Capped**

(a) The combined amount of BSMLR, CIG (section 411.5 a) and the CRRETE (section 411.5 d) shall be capped at 75 percent of all recipient's taxes paid to the Town and/or County, whichever is applicable.

**411.7 – Application**

(a) Any business firm seeking to receive local enterprise zone incentives shall make application to the Page County's Economic Development Coordinator, who acts as the enterprise zone administrator, on forms provided by the Page County Economic Development Authority. The Economic Development Coordinator may require the business firm to provide documentation establishing that said business firm has met the requirements for the receipt of Town and/or County enterprise zone incentives. Failure to provide requested documentation shall result in a denial of the business firm's application for local incentives. Upon approval of any business firm application for local enterprise zone incentives, the Economic Development Coordinator shall submit a written report to the Town Manager listing the name and address of the qualifying business firm, and the local enterprise zone incentives for which it is qualified. The Economic Development Coordinator may require the business firm to provide additional documentation from time to time to assure that said business firm retains the requisite qualifications for the receipt of local enterprise zone incentives. In the event that any business firm shall fail to maintain the requisite qualifications for the receipt of local enterprise zone incentives, the Economic Development Coordinator shall inform the business firm in writing that it is no longer qualified for the receipt of local incentives, and shall send a copy of said notice to the Town Manager.

# Town of Luray - Enterprise Zone



- Roads
- Major Roads
- Shenandoah River
- Enterprise Zone Parcels
- Luray Enterprise Zone
- Town of Luray



December 2014  
Perry County GIS Dept.  
www.perrycountyva.gov

