



Town Council Meeting *Item 7C.* *Economic Development Incentives*

July 7, 2021

Planning & Zoning

Kathleen Easley, Zoning Administrator

BACKGROUND

- AMENDMENT TO SECTION 15.2-943.1 AND REPEAL OF SECTION 15.2-1129.1 OF THE CODE OF VIRGINIA

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§ 15.2-1129.1. Repealed.

Repealed by Acts 2018, c. 396, cl. 2.

The chapters of the acts of assembly referenced in the historical citation at the end of this section may not constitute a comprehensive list of such chapters and may exclude chapters whose provisions have expired.



BACKGROUND CONT'D

Code of Virginia
Title 15.2. Counties, Cities and Towns
Subtitle II. Powers of Local Government
Chapter 11. Powers of Cities and Towns
Article 2. Additional Powers of Cities and Towns

§ 15.2-1129.2. Creation of local economic revitalization zones

A. Any city or town may establish by ordinance one or more economic revitalization zones for the purpose of providing incentives to private entities to purchase real property and interests in real property to assemble parcels suitable for economic development. Each city or town establishing an economic revitalization zone may grant incentives and provide regulatory flexibility. Such zones shall be reasonably compact, shall not encompass the entire city or town, and shall constitute one or more tax parcels not commonly owned. Properties that are acquired through the use of eminent domain shall not be eligible for the incentives and regulatory flexibility provided by the ordinance.

B. The incentives may include, but not be limited to: (i) reduction of permit fees, (ii) reduction of user fees, (iii) reduction of any type of gross receipts tax, and (iv) waiver of tax liens to facilitate the sale of property.

C. Incentives established pursuant to this section may extend for a period of up to 10 years from the date of initial establishment of the economic revitalization zone; however, the extent and duration of any incentive shall conform to the requirements of applicable federal and state law.

D. The regulatory flexibility provided in an economic revitalization zone may include (i) special zoning for the district, (ii) the use of a special permit process, (iii) exemption from certain specified ordinances, excluding ordinances or provisions of ordinances adopted pursuant to the requirements of the Chesapeake Bay Preservation Act (§ 62.1-44.15:67 et seq.), the Erosion and Sediment Control Law (§ 62.1-44.15:51 et seq.), and the Virginia Stormwater Management Act (§ 62.1-44.15:24 et seq.), and (iv) any other incentives adopted by ordinance, which shall be binding upon the locality for a period of up to 10 years.

E. The governing body may establish a service district for the provision of additional public services pursuant to Chapter 24 (§ 15.2-2400 et seq.) of Title 15.2.

F. This section shall not authorize any local government powers that are not expressly granted herein.

G. Prior to adopting or amending any ordinance pursuant to this section, a locality shall provide for notice and public hearing in accordance with subsection A of § 15.2-2204.

BACKGROUND CONT'D



Staff as working in collaboration with the EDC and Council on amending the Code section to address the current and future needs.

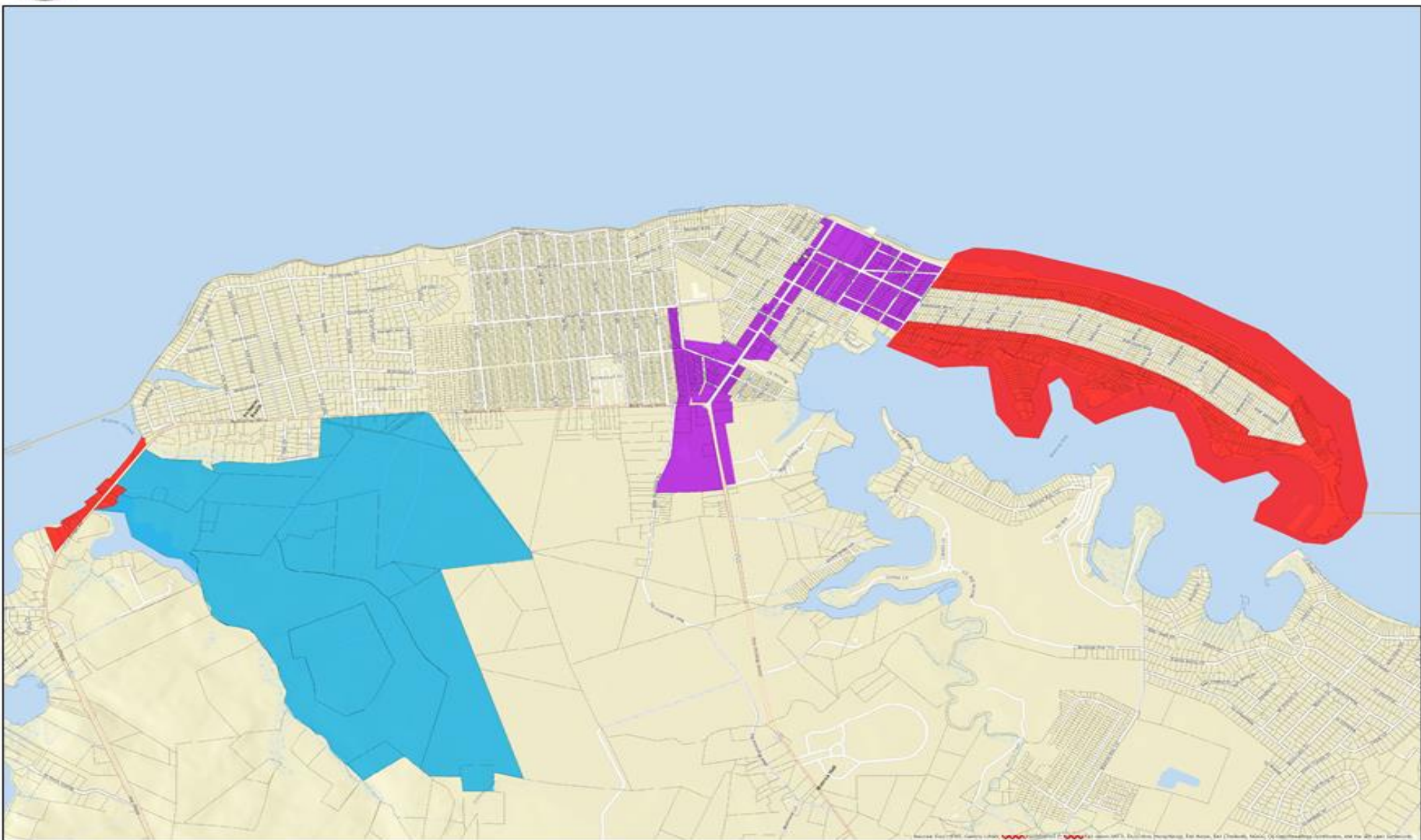


Town Council has now met to review and discuss this item at work sessions in March, April, May and June of 2021.



Technology and Tourism Revitalization Zones

- Legend**
- Tax Parcels
 - Tech. and Tourism Zone
 - Tourism Zone
 - Technology Zone



0 0.175 0.35 0.7 1.05 1.4 Miles

ISSUE

- The state repealed Va Code 15.2-1129.1 that is reference in Chapter 24 and is being replaced by VA code 15.2-943.1 and the proposed changes affect Chapter 23. The changes will clarify the definition and change the titles of the sections to be broader and amend the requirements for incentives.

ALTERNATIVES

- Leave the code as is and be out of compliance with the state statute.

FISCAL IMPACT

- Since the business license tax is based on the business gross receipts, the financial impact (reduced revenue) could range from \$50.00 to \$20K for each year the incentive is granted.



RECOMMEDATION

- Staff recommends proceeding to public hearing with ordinance to amend Chapter 23.



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PLANNING DEPT

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