



Instruction Manual for 2010 Enterprise Zone Designation Application

Application Deadline: October 1, 2010



Department of Housing and Community Development
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www.dhcd.virginia.gov

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PREFACE

This manual provides information for localities planning to submit an application for Enterprise Zone designation. The manual contains an explanation of designation requirements and guidance on answering the application questions.

Both the manual and application are organized to walk localities through the strategic planning process of establishing an Enterprise Zone. An outline of this process and the corresponding application sections are as follows:

- Qualification Information including contact information, locality type, application type, and Certification of Chief Administrative Officer (*Part I*)
- Community Need for Enterprise Zone Designation (*Part II*)
- Program Design and Impacts on the locality referencing the number of businesses that Zone designation would affect and how the Zone fits into the overall economic development strategy of the community (*Part III*)
- Identification of people and partners (key stakeholders affected by the Zone) and the community's priorities and successes in regard to economic development (*Part III*)
- Zone "tools" that include boundary set-up, local incentives, marketing efforts, and other economic development funding sources (*Part III*)
- Benchmarks for future Zone achievements (*Part IV*)
- Past performance and continued need statement for expiring Zones that are re-applying for Enterprise Zone designation (*Part V*)
- Regional need and necessity for Joint Multi-Jurisdiction Zones (*Part VI*)

The application will have a total of 1500 points, of which 750 will be determined on the basis of the locality-wide distress criteria and 750 will be based on answers to questions relating to local incentives, impact and capacity. The deadline for application submittal is **October 1, 2010**. Applicants must send original application materials using one of the following mechanisms: 1) United States Postal Service certified mail, return receipt requested and postmarked no later than October 1st; 2) UPS, Fed Ex or other services where shipping can be tracked with a ship date no later than October 1st. Hand delivery is acceptable but not preferred and must be received by DHCD by the close of business on October 1st.

Mailing Address:

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Electronic versions of the application and instruction manual can be downloaded from the Department of Housing and Community Development's website listed below.

http://www.dhcd.virginia.gov/CommunityDevelopmentRevitalization/Virginia_Enterprise_Zones.htm

For additional information or questions about the Virginia Enterprise Zone Program, contact Telly Tucker at (804) 371-7121 or via e-mail at Telly.Tucker@dhcd.virginia.gov.

Before completing the application form, **carefully review the contents of this manual.**

ENTERPRISE ZONE PROGRAM OVERVIEW

The Enterprise Zone Program is a partnership between state and local government in which both parties seek to improve economic conditions within designated localities. The Program is meant to complement other local, state, and federal economic development activities to create an improved climate for private sector investment and to focus limited resources on the targeted areas. An Enterprise Zone is not intended to be a stand-alone program nor a single “intervention” instrument.

The Enterprise Zone Grant Act went into effect July 1, 2005. Under this Act, the Program more directly targets Zone designations to localities with the greatest need and with potential for effectively putting a Zone to productive use. It also increases fiscal accountability associated with state incentives and hones in on economic situations that can best benefit from financial incentives.

The Governor can designate up to 30 Enterprise Zones for a period of 10 years, and such Zones could be renewed for up to two five-year renewal periods. New designations are made in coordination with the expiration of existing Zone designations. Two Enterprise Zone designations are available due to the termination of two currently designated Zones. As a result, the Department of Housing and Community Development (DHCD) is undertaking a competitive application process to fill the vacant slots. The application process is open to all cities and counties.

Enterprise Zone Designation	
Eligibility Criteria	Only Virginia cities and counties may apply. Town acreages can be incorporated into a county application.
Zone General Conditions	Zones are designated for 10 years with up to two five-year renewal periods to follow. Each locality can have up to three Enterprise Zones and each can consist of three non-contiguous areas. Localities have the freedom to put zones where they best fit local economic development needs.
Zone Requirements	Meet but do not exceed size limitations. Provide a local incentive package. Joint Zones must establish mechanisms to ensure that economic benefits of the Zone are shared among participating jurisdictions and complete a Joint Application Agreement.
Regional Zones	Joint designations may be made where applicant jurisdictions can demonstrate regional need and impact beyond what a single jurisdiction can achieve and where specific binding mechanisms will ensure that economic benefits are shared among participating jurisdictions.

Types of Enterprise Zones

There are two types of Enterprise Zones:

Single Jurisdiction Zone – located entirely within a single jurisdiction (city or county). Single jurisdiction county Zones may include lands from an incorporated town as part of the county's Zone acreage. Note the town is not required to offer local incentives because the town acreage is considered part of the county's Zone area.

For example, Smyth County submits a Single Zone application that includes a portion of Marion's town limits as part of the Zone area. The Town of Marion is not required to offer local incentives and does not function as a Joint Zone applicant; rather it is a part of the Single Zone.

If a Single Zone application is submitted and the boundaries and acreage are in more than one locality (county or city), the applicant will be disqualified.

Joint Multi Jurisdiction Zone – comprised of two or more adjacent eligible jurisdictions (cities and counties) acting as a unified regional entity. To qualify for this joint status the applying jurisdictions must demonstrate a regional need for a Zone designation and a regional impact that could not be achieved through designation of a single Zone. Applicants must be able to explain what binding mechanisms will be used to ensure that economic benefits of a Joint Zone are shared among the applicant localities. Regional partnerships should also be demonstrated.

In a Joint application, each jurisdiction must complete a Joint Application Agreement. See **Appendix 7** of this manual for a copy of the Joint Application Agreement Form (EZ-1-JA). Joint Zones also have unique design requirements. See the section of this manual covering the completion of **Appendix 2** for details.

Local Responsibilities

Although the Department of Housing and Community Development (DHCD) administers the Enterprise Zone Program, all localities that participate have responsibilities. These include the determination of local economic development objectives, provision of local incentives, management and marketing of the Zone.

Zones are terminated and access to state incentives are lost if either of the following two conditions occur. **First, if no business firms in an Enterprise Zone have qualified for state incentives within a five-year period, state designation shall be terminated. Second, in the event that the local government or an assigned agent is unable or unwilling to provide local incentives as proposed in the application for Zone designation, the state designation will be terminated.** This last situation can be avoided by amending the application to offer an incentive that is equal or superior to the incentive originally approved.

SUBMISSION REQUIREMENTS

Application Format and Mailing Instructions

All applicants must use the form provided by DHCD, (Form EZ-1). **No other format will be accepted.** Applicants can obtain an electronic copy of the forms from DHCD's website at http://www.dhcd.virginia.gov/CommunityDevelopmentRevitalization/Virginia_Enterprise_Zones.htm or contact the Community Revitalization and Development Office at (804) 371-7121 or Telly.Tucker@dhcd.virginia.gov for an electronic version.

All applications must be on the fillable word form provided by the Department. An **original and five (5) copies** of the completed application forms, plus required attachments, are due on **Friday, October 1, 2010**. Applicants must send original application materials using one of the following mechanisms: 1) United States Postal Service certified mail, return receipt requested and postmarked no later than October 1st; 2) UPS, Fed Ex or other services where shipping can be tracked with a ship date no later than October 1st. Hand delivery is acceptable but not preferred and must be received by DHCD by the close of business on October 1st.

NEW MAILING ADDRESS



Mailing Address:

A. Reese Peck
Virginia Department of Housing and Community Development
Main Street Centre
600 East Main Street
Suite 300
Richmond, Virginia 23219

INSTRUCTIONS FOR COMPLETING THE APPLICATION

Applications are to be completed in accordance with this instruction manual. All questions should be answered within the space provided on the forms. Be complete and concise.

Attachments will not be accepted except where specifically requested by the instructions. All required attachments must be placed at the end of the application and be labeled in the order as identified in the Virginia Enterprise Zone Application Checklist.

Checklist

The Checklist has been provided for the applicant's use to help ensure that all portions of the application have been properly and completely filled out. Please initial next to each of the completed application sections.

PART I: Qualification Information

Applicant Name

Enter the name of the city or county applying for Enterprise Zone Designation. In the case of a Joint Multi-Jurisdiction application, enter the name of the lead applicant.

Participant's Government Address

Provide the mailing address of the locality (*not* the home address of the CEO).

Chief Elected Official(s)

Provide the name and the title of the participant's Chief Elected Official (CEO). (List all CEO's for joint applications)

Contact Person

Provide the title, name, phone number and e-mail address of the person who will be designated as the Zone Administrator and who can provide additional information about the proposal.

Enterprise Zone Participants

Indicate the name of the locality where the Zone will be located. For Joint Multi Jurisdiction applications each participating jurisdiction should be identified here.

Certification of Chief Administrative Officer

Enter the signature and title of the chief administrator of each participant to the application. If a locality does not have a chief administrator, enter the signature and title of the clerk to the city council or county board of supervisors. This statement certifies that information contained in the proposal and attachments are true and correct. The statement also certifies that if selected for Zone designation, the post-designation certifications will be provided within 90 days of the Zone announcement. All applications, regardless of type, must be authorized by resolution by the locality's governing body. **Minimum resolution requirements are listed in Appendix 6.**

Application Type

Check the application type: Single or Joint Multi-Jurisdiction.

Total Number of Zone Areas

Indicate how many non-contiguous areas are present in the locality's proposed Zone by checking the box provided.

Zone Characteristics and Maps

Map the proposed Enterprise Zone boundaries showing locality boundaries, land use, and zoning. See **Appendix 1** for characteristics worksheet instructions and **Appendix 2** for greater map detail.

For joint applicants, unless otherwise specified, answer each application question as **one Joint Multi-Jurisdiction Zone applicant**. Responses should touch on pertinent information about each participant in the Joint Multi-Jurisdiction Zone. This information should be integrated and within the allotted page limit.

Do not provide separate answers for each locality except where expressly indicated.

Local Enterprise Zone Incentive and/or Regulatory Relief Package

Indicate that **Appendices 3 and/or 3A** have been completed. **Applications without an incentive package will not be reviewed.** Incentive packages not included with the application will not be accepted after the October 1, 2010 deadline.

Public Hearings

A local governing body must hold **at least one Public Hearing** on the application for Enterprise Zone designation **prior** to the locality's passage of

its Enterprise Zone resolution and **prior** to submission of this application to DHCD. The complete requirements for conducting Public Hearings are stated in [§15.2-2204](#), of the Code of Virginia. A copy of the advertisement of the Public Hearing for each locality **and** the Public Hearing minutes for each locality must accompany the application. **For a Joint Multi-Jurisdiction application**, each participating local governing body may either hold a separate Public Hearing or schedule a joint Public Hearing. Indicate what type of Public Hearing was held and that the advertisements, minutes, and resolutions are attached.

Attach Public Hearing information to the application as:

- Advertisements—Appendix 4
- Minutes—Appendix 5
- Resolutions—Appendix 6

Please type in the provided text boxes placed under the questions throughout the application. The character limit for all of the boxes is 3,000.

PART II. Need

In the space provided at the top of page 4, please indicate the locality name and the distress criteria score.

A. Locality-wide Conditions/Needs

Discuss key economic conditions in the locality as a whole.

- Economic conditions can include things like: the closure of a major employment center during the past year resulting in job loss; out-commuting – e.g. more than 65 percent of all residents work in surrounding localities; slow growth rate- e.g. the retail sector of the locality has experienced a low growth rate compared to other surrounding localities.
- Barriers to development which can be physical (obsolete infrastructure, lack of broadband, high vacancy rate, and steep terrain) or non-physical (lack of diverse economic base and unskilled workforce).
- Trends of new development should also be mentioned here.
 - Has the community made plans for revitalization in certain areas? Have target areas recently been identified in Comprehensive or Strategic Plans?

Explain how these referenced conditions are currently addressed through the locality's economic development efforts.

- Economic development efforts may include: job training; development of broadband, promotion of vacant manufacturing facility to prospects; and active recruitment of non-manufacturing business sectors to diversify the economic base.

Joint Multi-Jurisdiction Zones should include in their discussion, regional economic conditions and the regional need for a Joint Multi-Jurisdiction Zone.

Joint applicants must also discuss the economic conditions that led to their partnership and subsequent application.

PART III. Program Design & Impact



This narrative should lay the foundation for the focus of the application. Aside from the distress factor array, why is this designation necessary?

Section 1 – Strategy

1. Detail your community's overall approach towards economic development and the formal plan (if one exists) that guides the process. Describe the overall economic restructuring strategy for the locality.
 - Does your community have a written economic development plan that includes an analysis of any needed economic restructuring? If so, please summarize its core strategy and note when was it adopted or last updated?
 - How do the Enterprise Zone Program outcomes of stimulating real property investment and job creation fit with other ongoing aspects of this restructuring strategy?
2. In regard to job creation, define the number and characteristics of the businesses you are seeking to recruit, retain and expand. Discuss what specific factors are important to the targeted businesses location decisions. Describe the businesses that your locality seeks to recruit, retain, and expand.
 - Does your locality have a plan for business retention and expansion? Are their niche business sectors that are drawn to your community because of location or workforce? Be sure to list factors that you feel are of importance to the businesses that choose or have chosen your locality.
 - How will the Job Creation and Real Property Investment Grants be an important part of your recruitment, retention, and expansion approach?
3. Discuss how your Zone design and location maximizes the Enterprise Zone Program's desired outcomes of stimulating real property investment and job creation. Describe the properties that your locality seeks to have rehabilitated, expanded or developed. Also discuss how local incentives and/or regulatory relief programs will help maximize these outcomes.
 - Discuss your plan for redevelopment of these target areas?
4. List key public and private development efforts planned for the next five years in the locality. Please provide a brief description of each activity. Note if any of the identified development efforts will be taking place physically within the proposed Enterprise Zone.
 - This list should be provided in a bullet format and include brief project descriptions.
 - Note which of the listed projects involve the Enterprise Zone Program and how?

Section 2 – People and Partners

A. Key Personnel

Discuss the entity that will have the overall responsibility of administering Zone activities.

- Who is the key person within that entity that will be responsible for the Enterprise Zone Program? Please supplement the provision of this person’s general information (i.e. name and title) with a brief description of their professional background and the skills that qualify him or her for this job. Please note any significant past accomplishments they may have.

B. Partners

Discuss other programs or entities that will have a role in marketing the Zone or using it as leverage in achieving desired community outcomes.

- Are there partnerships or organizations that will contribute funds or time to creating materials that tout the Zone’s existence?
- Where and when are these parties involved in marketing or distributing Zone materials and what do those materials include?

Section 3 – Community Priorities and Successes

A. Community Priorities

Discuss and justify the priority this designation has for your locality.

- How could your community achieve its economic development goals without receiving this designation?
- How will the Enterprise Zone designation be combined with other existing incentives to create an economic development “cocktail”?
- What other programs, if any, are in place offering similar incentive advantages?

B. Past Successes

Discuss two economic development projects, different in nature, that were undertaken

Tips for Selecting Zone Boundaries

Localities should be strategic in selecting areas for Enterprise Zone inclusion. The Zone should represent a balance of development potential - currently existing businesses that have indicated the desire to expand, under-developed or blighted areas for which Zone designation would attract future prospects and favorable development, and sites for new construction.

Localities have the flexibility to locate the Zone where it best serves their economic goals—whether it includes focusing on a distressed area or targeting potential growth areas. Imagine that the Zone is a product being marketed to the most desirable businesses that your locality could imagine locating. How would you ensure that the area has room to grow and captures prime locations for business development in the future? Don’t forget to include businesses already in the jurisdiction that are poised to use the offered incentives!

Zone size limits are outlined in Appendix 1. DHCD recommends that localities not utilize the maximum amount of acreage possible in their initial designation application. Some acreage should be set aside for future modifications to the Zone (through a boundary amendment) in order to accommodate local economic fluctuations, growth, and future development.

Zone Boundaries should include:

- Entire land parcels
- Both sides of a street

Zone Boundaries should not include:

- Properties ineligible for state incentives, such as strictly residential properties or units of local, state, or federal government (such as public schools, military reserves, flood plains, etc.).

by your jurisdiction and the extent to which they achieved success.

- This question is geared towards measuring the capacity of your community to handle effective administration of an Enterprise Zone. How equipped is your locality to deal with a variety of economic development scenarios?

Section 4 – Tools

A. Zone Design

Provide a general geographic description of the location of the proposed Zone area(s).

- Remember that basic size limits are determined by the type of locality. Refer to [Appendix 1](#) for basic Zone size limits and to determine which limits pertain to your locality. If this is a Joint Multi-Jurisdiction application, this section must be completed for each locality.
- Explain why you have selected the chosen areas for the Enterprise Zone. Discuss how the selection of these areas relates to overall economic development efforts.
- How can the area(s) benefit from incentives?
- What revitalization efforts are currently underway in the proposed Zone? Is a prospect announcement forthcoming in the proposed Zone?
- How does the economic development strategy/comprehensive plan outline major revitalization activities in the proposed Zone areas over the next 5-10 years?

Joint Multi-Jurisdiction applicants must also discuss how the localities arrived at the decision to submit an application together. This discussion by Joint applicants should also explain why the boundaries make sense in terms of regional economic development efforts.

- In other words, why is the Joint application more strategically effective than each locality submitting individual applications?

Attach maps to the application as **Appendix 2.**



Written description of the Zone should serve as a supplement to the attached maps that also highlight key assets within the Zone. Responses to questions about the proposed Zone boundaries should also convey the strategic importance of the proposed Zone areas.

B. Local Incentives and/or Regulatory Relief Programs

Describe the local incentives or regulatory relief programs that you are proposing to supplement the Enterprise Zone.

- Remember that Enterprise Zones should create an improved climate for private business development and expansion by overcoming development barriers. This can be achieved through actions that (i) reduce start-up costs for new firms, (ii) reduce the ongoing costs of doing business for both new and existing firms, and (iii) improve the overall physical and social conditions within the Zone in order to produce an environment conducive to business operations.
- An incentive is any type of regulatory reform, tax reduction or exemption; service improvement, resource commitment or other activity intended to stimulate private sector investment. A local

government may propose any type of incentive permissible under federal and state law, provided that the incentive is targeted to the Zone. (See Appendix 3)

- An incentive that is available throughout a locality **will not** be considered an Enterprise Zone incentive unless special actions are taken to encourage greater utilization of the incentive within the proposed Enterprise Zone.
- Local governments should provide a variety of financial and non-financial incentives to encourage economic growth and investment available within the Enterprise Zone. Remember proposed incentive should be integral strategic components of your development strategy.

C. Marketing Efforts

What tools are you currently using to market your locality?

- Do you normally attend trade shows? Is your locality included in a regional marketing effort? Do you have published materials or websites that include information about incentives and area economic development?
- How is the Enterprise Zone Program accounted for in your marketing efforts?

D. Other Funding Sources and Programs

Describe other funding sources or programs your community has been able to leverage in its development endeavors.

- Is the locality currently using other federal or state incentives? Are there other funding programs to which you are planning to apply later in the year? What level of government will be providing those funds and what will they be allocated for?

PART IV : (Only for expiring Zones that are re-applying) Past Performance and Continued Need

Discuss the continued need for an Enterprise Zone in your locality and your past effectiveness in creating jobs and capital investment in your expiring Zone.

- Past performance can be easily discussed with a summary review of your Local Zone Annual Reports. What types of projects were you highlighting? Are those projects now complete because of the Enterprise Zone Program, in part? Where will your community make additional improvements or experience more growth. How will the Enterprise Zone affect those efforts? Do the old zone boundaries differ from the proposed ones?

PART V : (Only Multi-Jurisdiction applications) Regional Need and Necessity

Discuss the regional need for a Joint Multi-Jurisdiction Zone and explain why regional economic development impacts could not be achieved through a Single Jurisdiction Zone.

- Why could the same development objectives not be realized if the localities applying jointly had done so on an individual basis?
- What formal programs and organizational mechanisms are in place that will ensure a successful joint “operation”?

APPENDIX 1 : ZONE SIZE

Zone Size Limits

Size Limits for Zones in Cities	Size Limits for Zones in Unincorporated Areas of Counties
<p><u>Minimum</u>: one-quarter (1/4) square mile (160 acres). <u>Maximum</u>: one square mile (640 acres). <u>Exception</u>: may be larger than one square mile provided it does not exceed seven percent of the locality's land area or it does not encompass more than seven percent of the locality's total population.</p>	<p><u>Minimum</u>: one-half (1/2) square mile (320 acres). <u>Maximum</u>: six square miles (approximately 3,840 acres).</p> <p>Size Limits for Zones in Consolidated Cities</p> <p>Zones in cities where the present 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 Zones in unincorporated areas of counties described above.</p>

The above size limits are a guide for use in determining how much area your Zone boundaries should include. DHCD does not recommend that you create a Zone that uses all of the available space in the beginning. Starting with a smaller area will allow for future Zone growth and expansion.

APPENDIX 2 : MAPS

(Attach Maps to Appendix 2)

Map Requirements

Attach the required maps that meet eligibility and size requirements.

- The scale of the maps may be adjusted based on the Zone size or whether or not it is a Joint Zone. Maps should generally not be at a scale smaller than 1 inch to every 2,000 feet. This means that a map with the scale of 1 inch equals 40,000 feet is too small to see the detail requested.
- Again, the scales may vary based on the type of Zone (joint, city, county, etc.) but should be reasonable as to clearly show the features requested in question D of this section. Once an appropriate scale is selected, all of the required maps (1-3) must be produced at the same scale.
- All required features listed in the charts must be included on each map.

For each of the required maps, Joint applications must submit one map showing the entire Joint Zone area. The required maps must be able to fit inside a legal size mailing envelope. These maps are critical pieces of your application. They should be easy to read and clearly marked. GIS generated maps are preferred. Topographic maps are discouraged.

Map 1. – Map of the locality indicating the boundary of the proposed Enterprise Zone area. **Please indicate the proposed Zone boundary with a heavy, red line.** The required features listed in the chart must be included on the map. All required features listed in the charts must be included on each map.

Required Features Included on Map (where present in zone)
Major Streets/Roads/Highways Labeled (dark gray lines)
City/County/Town limit lines identified by dashed blue line
Key Businesses/Employers
Key Properties/Revitalization Project Areas
Airports
Major Railways
Ports of Entry
Office or Industrial Parks
Special Districts
Developable Land

- Map 2. - Map of the proposed Enterprise Zone boundary indicating the existing land use characteristics according to the following classifications in addition to labeling the required map features:

Privately-Held Land
 Business/Commercial
 Industrial
 Institutional
 Single-family residential
 Multi-family

Publicly-Held Land
 State/Federal Land
 Local publicly owned land in use
 Unused local public land
 Parks & Recreational Areas

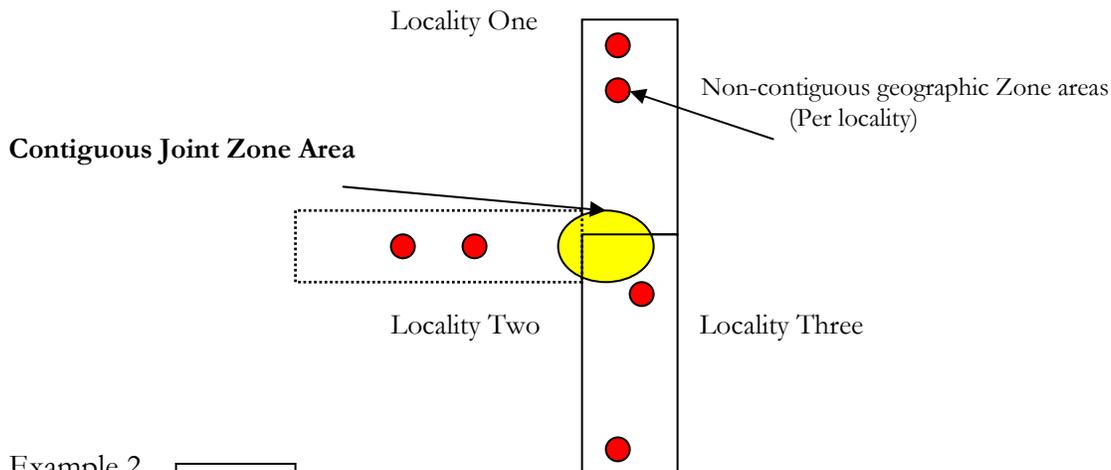
- Agriculture
- Parking
- Mixed-use (or “Other”)

- Indicate on this map the total Zone acreage and the approximate number of acres devoted to each type of use.
- ❑ Map 3. – Map of the proposed Enterprise Zone showing the boundaries of existing zoning districts in addition to the required map features where they exist in the Zone.
 - If the area is not zoned, this map is not require

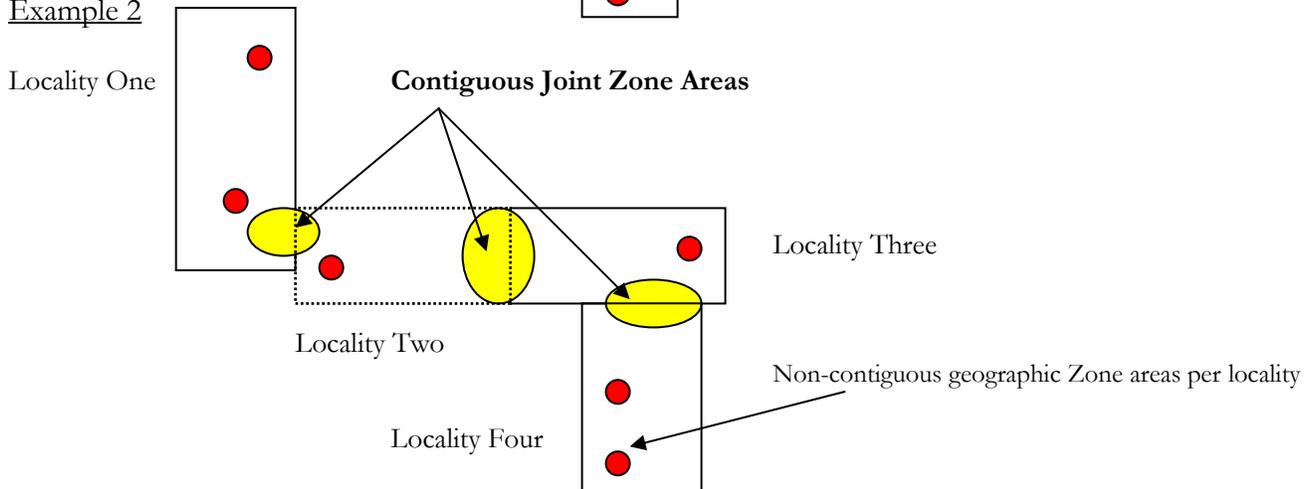
Joint Zone Configurations- Examples

Each locality’s portion of the Zone can consist of up to three non-contiguous geographic areas relative to that locality. **One of the locality’s three possible Zone areas must be contiguous to at least one other participant’s Zone area as part of the Joint application.** Below are examples of Joint Zone configurations. Once a Zone has been designated, a locality can apply to the Department for an amendment to the Zone boundaries and/or local incentives.

Example 1



Example 2



APPENDIX 3 : LOCAL INCENTIVES

3A: REGULATORY RELIEF PROGRAMS

General Guidance

Local Enterprise Zone incentives must not violate the Virginia Constitution and it is important to have the locality's attorney review local Enterprise Zone incentives to assure this, especially for tax-related incentives. Article 10, Section 1, of the Virginia Constitution is the Uniformity Clause and it specifies that taxation must be uniform in territory, subject, and class. In the case of the Enterprise Zone Program the concern is with "territory," which means that taxation must be uniform throughout an entire locality.

This is true unless there is state enabling legislation that allows otherwise. Examples of such enabling legislation include:

- § [58.1-3219.4](#), § [58.1-3220.1](#), and § [58.1-3221](#) of the Code of Virginia gives localities the authority to offer exemptions on real estate tax for specific properties and when certain conditions are met.
 - § [58.1-3219.4](#) is a partial tax exemption for new structures or other improvements to real estate located in redevelopment or conservation areas or rehabilitation districts. The criteria for qualification are determined by the governing body of the county, city, or town.
 - § [58.1-3220.1](#) is a partial tax exemption for rehabilitation/renovation/replacement of hotel or motel structures of at least 35 years of age or as determined by the governing body of the county, city, or town.
 - § [58.1-3221](#) is a partial tax exemption for rehabilitation/renovation/replacement of commercial and industrial structures of at least 15 years of age if in an Enterprise Zone or 20 years of age if elsewhere in a jurisdiction.

These are popular and effective Enterprise Zone incentives, all of which require ordinances in order to be enacted.

There is no such enabling legislation with regard to machinery and tool tax and the Uniformity Clause does apply. For localities that want to offer an Enterprise Zone incentive related to the machinery and tool tax, they 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.

The real property and machinery and tool tax incentives should never be referred to as abatement, refund, or rebate, which are not allowed under the State Constitution. The former is a tax exemption and the latter must be a grant.

The Uniformity Clause, however, does not apply to things like the Business-Professional Occupational License tax, utility tax, or permit fees. Localities are free to offer rebates, refunds, and abatements of these.

Suggested Rationale to Use When Developing Local Enterprise Zone Incentives

- Incentives should be directly linked to actions that are consistent with local Enterprise Zone revitalization and development goals.
- Establish performance baselines that provide a threshold for qualification. Incentives should reward firms that make a commitment to invest in a Zone by creating new jobs and/or investment.
- Develop measurable incentives.
- Incentives should represent sound fiscal policy and not provide an excessive level of benefit that would be inappropriate from an economic point of view.

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

- **Local Enterprise Zone Development Taxation Program:** Section 58.1-3245.6 through Section 58.13245.11 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.
- **Enterprise Zone Tax Exemptions:** § [58.1-3221](#) of the Code of Virginia enables localities to exempt 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.
- **Local Tax Rebates:** Business occupational license 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.
- **Public Improvements:** Broadband, highways, streets, sidewalks, water and sewer systems, signals, etc.
- **Job Training:** Targeted training programs to meet business needs.
- **Non-financial:** fast track permitting, loan packaging assistance, and design assistance.

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.

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.

Note: Section §59.1-284 of the Virginia Enterprise Zone Act states that 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.

Part 1 – Local Incentive Administration Process

Using the chart provided in Appendix 3 please provide the basic information about each local official that is involved in the marking process and approval of local incentives.

Part 2 – Local Incentive Narrative

Local incentives play a critical role in the success of an Enterprise Zone and should therefore be strategically selected.

Local Enterprise Zone incentives **must not violate the Virginia Constitution** in any way. For this reason, it is important to have the locality's attorney review local Enterprise Zone incentives, especially tax-related incentives. There is state enabling legislation that allows specific partial real property tax exemptions.

On the chart included in Appendix 3, provide information on the incentives being proposed. **Each participant in a Joint Multi-Jurisdiction Enterprise Zone must complete this chart unless incentives are the same for the entire Zone.** Number and describe each incentive separately as well as the anticipated impact and include the following information:

Incentive number, name and description: Enter the number of the incentive, its name, and briefly describe it.

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

Attach the completed incentive chart to the application as **Appendix 3.**

Action to Implement: Indicate what actions have been or will be taken to assure that it will be implemented such as a local ordinance or formal approval by a Board of Supervisors. Any real property partial tax exemptions allowed under state statutes § 58.1-3219.4, § 58.1-3220.1, and § 58.1-3221 require an ordinance.

- Upon being selected for Zone designation, newly designated Zones are required to provide documentation to DHCD indicating that such actions have been performed **within 90 days of the Zone announcement.**

Provider: Identify the name of the organization or entity that has primary responsibility for implementing the incentive. If the applicant itself is to be the provider, indicate this with the word "applicant" or, in the case of a Joint application, with 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 commitment letters or memorandums of understanding. A local redevelopment or housing authority, industrial development authority, school board or other independent or semi-independent agency is considered an assigned agent. For example, Saltville's Office of Planning may issue the BPOL waiver and should be listed as the provider on the incentive chart. Norfolk's Commissioner of Revenue may be providing/implementing the Rehabilitated Real Estate Tax Exemption for the Enterprise Zone and should be listed as the provider on the incentive chart.

Qualification Requirements: List any locally imposed requirements that businesses must meet to receive the incentive.

- An example of a qualification requirement would be that a business make a certain dollar amount of real property improvements or create a specific number of jobs in order to receive the local incentive.
- If there are no eligibility requirements, or if the incentive involves service improvements, capital expenditures or other actions that benefit all of the businesses and residents within the Zone, indicate with the word "none."

Tips for Developing Local Incentives

- Survey local businesses to determine what incentives are most meaningful to them
- Customize local incentives to meet your locality's economic goals
- Establish qualification requirements that ensure a reasonable return on your investment, without being so stringent as to limit usage

Exclusivity to Zone: Check appropriate box. For those localities not offering the incentives exclusively within the Zone use this section to state how incentives will be enhanced for use in the Zone.

Period of Availability: Indicate the time period for which the incentive will be made available ("entire life of Zone" and "first five years of Zone operation"). For service improvements and capital expenditures that will be available from the time of implementation through the remaining life of the Zone, give the estimated time of the availability ("year 3 through 20 of Zone operation").

Effective Date: Indicate when the incentive will be available, for example "upon Zone designation" and "in fiscal year 2011."

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" and "application pending").
- If the incentive does not involve direct expenditures (regulatory and 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.

Appendix 3A

The zone designation application may also contain proposals for regulatory flexibility, including but not limited to: (a) special zoning districts, (b) permit process reform, (c) exemptions from local ordinances, and (d) other public incentives proposed in the locality's application which shall be binding upon the locality upon designation of the Enterprise Zone.

Sample Incentive Sheet. Complete one form for each local incentive offered in the proposed Zone.

Proposed Enterprise Zone Name: Sample Zone	
Locality Offering Incentive: EZONE City	
Incentive #, Name, and Description: (#1) Broadband access connection. EZONE City will reimburse business 50 percent of cost to bring off-site fiber connectivity to building, not to exceed \$2,000. <i>This incentive functions to attract high-tech companies to Zone and diversify locality's economic base.</i>	Locality/Provider: EZONE City
	Qualification Requirements: Must be a business needing high-speed Internet access and creating at least five (5) full-time jobs.
	Exclusive to Zone: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No, if no please explain how incentives will be tailored to Zone
	Period of availability: Life of Zone
	Effective date: January 1, 2010
Financial Value of Incentive: Dependent on cost of fiber connection, not to exceed \$2,000 per business.	Source of funds: Local general funds
Action to Implement: <input type="checkbox"/> Local Ordinance <input checked="" type="checkbox"/> Approval by Board of Supervisors <input type="checkbox"/> Other, _____	Annual Budget Allocation, pending approval: \$12,000 (<i>assuming six businesses a year</i>)
Incentive #, Name, and Description: (#2) Downtown Revitalization Job Grant of up to \$500 per net new job per year for three consecutive years. Job Grant is capped at \$2,500 per firm per year. <i>This incentive serves to attract new /enhance existing retail, local service, and restaurants to historic downtown, consequently reinforcing the downtown as tourist destination. This incentive compensates for inability of such businesses to tap into state job creation grants.</i>	Provider: EZONE City – Dept. of Tourism and Economic Development
	Qualification Requirements: Business must be located within downtown portion of Zone, be engaged in a retail, restaurant, or local service trade, and create at least 3 new permanent full time jobs.
	Exclusive to Zone: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No, if no please explain how incentives will be tailored to Zone
	Period of availability: First five years, subject to renewal or replacement upon review of incentive.
Financial Value of Incentive: Up to \$2,500 total to a qualified business in a given year and up to a total grant amount of \$7,500 for three years.	Effective date: January 1, 2010
Action to Implement: <input type="checkbox"/> Local Ordinance <input checked="" type="checkbox"/> Approval by Board of Supervisors <input type="checkbox"/> Other, _____	Source of funds: EZONE City general fund
	Annual Budget Allocation, pending approval: \$12,500 (<i>assuming five businesses a year</i>)

APPENDIX 4: HEARING ADVERTISEMENTS

A local governing body must hold at least one Public Hearing on the application for the Enterprise Zone designation **prior** to the locality's passage of its Enterprise Zone resolution and prior to submission to DHCD.

Copies of the advertisements for the Public Hearing(s) must accompany the application as Appendix 4.

- Public Hearing ads must be published once a week for two successive weeks in a newspaper of general circulation (i.e., ad must run twice).
- 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 hearing.

Localities filing a Joint Multi-Jurisdiction application may choose to hold one joint Public Hearing. Applicants may also choose to have separate and individual Public Hearings. All applicants are required to complete the Public Hearing process.

The complete requirements for conducting Public Hearings are stated in [§15.2-2204](#), Code of Virginia.

Below are examples of advertisements for a joint application hearing and single jurisdiction hearing.

(Joint Example)

NOTICE OF PUBLIC HEARING

The Town of Saltville and Smyth County are proposing to submit an application to designate a portion of the town and unincorporated county as a joint Enterprise Zone. There will be a public hearing to hear comments on the proposal on Tuesday, September 23, 2003 at 6:30 p.m. at the Saltville Town Hall. Any interested citizens are encouraged to attend. Information on the application can be viewed at the Saltville Town Hall, 217 Palmer Avenue, Saltville, Virginia; and the Smyth County Administrator's office, 121 Bagley Circle, Marion, Virginia.

(Single Example)

**ENTERPRISE ZONE APPLICATION
PUBLIC HEARING NOTICE**

Halifax County, Virginia will hold a public hearing on Wednesday, September 12, 2007 at 6:00 p.m. at the Riverstone Technology Building, Riverstone Technology Park, 1100 Confroy Drive, South Boston, VA 24592 to solicit input on the proposed Enterprise Zone Application to the Department of Housing and Community Development due October 1, 2007. The proposed zone boundaries and incentives will be available for discussion. All interested citizens are urged to attend. For additional information, contact Mike Eades, Halifax County IDA, at 434-572-1734. If you plan to attend and have any special needs requirements, please call the number listed above.

APPENDIX 5: MEETING MINUTES

Copies of public hearing minutes must accompany the application as Appendix 5.

MINUTES OF PUBLIC HEARING PROPOSED HALIFAX COUNTY ENTERPRISE ZONE

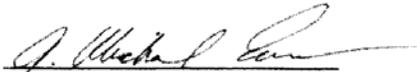
A Public Hearing was held on Wednesday, September 12, 2007 at 6:00 PM at the Riverstone Technology Building regarding the boundaries and incentives for the proposed Halifax County Enterprise Zone. The Public Hearing was properly advertised in advance as required by the Virginia Department of Housing and Community Development under their Enterprise Zone application guidelines.

List of Attendees

--J. Michael Eades- Industrial Development Authority of Halifax County
--Bryan Foster- Halifax County Administrator
--Patsy Vaughan- Industrial Development Authority of Halifax County
--Tamrya Vest- Town of South Boston

Mr. Eades opened the Public Hearing to public comments. No comments were received and the Public Hearing was closed.

Respectfully Submitted:



J. Michael Eades, CEcD

Attach Public Hearing information to the application as:

- Advertisements—Appendix 4
- Minutes—Appendix 5
- Resolutions—Appendix 6

APPENDIX 6: SUBMISSION RESOLUTION

Resolution(s) indicating that the local governing body is applying for designation is required.

Minimum Resolution Format Requirements

Single Jurisdiction--Resolutions accompanying single locality applications for enterprise zone designation should state that the local governing body:

- ❑ Is applying for enterprise zone designation;
- ❑ Authorizes its chief administrator (or clerk where there is no chief administrator) to submit all information needed to apply for zone designation.
- ❑ Authorizes its chief administrator (or clerk) to meet other program administrative and reporting requirements, as defined by the Enterprise Zone Regulations, throughout the life of the zone.

Joint Application--Separate resolutions are required of each participating locality and should state that:

- ❑ The local governing body is applying for enterprise zone designation jointly with other localities (provide names);
- ❑ One jurisdiction (provide name) is designated to act as program administrator;
- ❑ The local governing body authorizes the chief administrator (or clerk) acting as program administrator to submit all information needed to apply for enterprise zone designation and to carry out all program administrative and reporting requirements on its behalf;
- ❑ The local governing body authorizes the chief administrator (or clerk) acting as program administrator to carry out all program administrative and reporting requirements on its behalf, as defined by the Enterprise Zone Regulations, throughout the life of the zone.
- ❑ Each jurisdiction participating in a joint EZ application has completed a Joint Application Agreement. **See Appendix 7 of this manual for the format of this agreement.**

RESOLUTION

WHEREAS, the Town of Saltville has an Enterprise Zone that is expiring at the end of calendar year 2003; and

WHEREAS, the Commonwealth of Virginia is accepting applications for new zones and for re-designation of expiring zones; and

WHEREAS, the Town of Saltville strongly supports the need for the Enterprise Zone and desires to apply for a new Enterprise Zone designation.

THEREFORE BE IT RESOLVED that the Town of Saltville is applying for enterprise zone designation jointly with Smyth County; and

BE IT FURTHER RESOLVED that the Town of Saltville is designated to act as program administrator; and

BE IT FURTHER RESOLVED that the Town of Saltville authorizes the Town Manager acting as program administrator to submit all information needed to apply for enterprise zone designation; and

BE IT FURTHER RESOLVED that the Town of Saltville authorizes the Town Manager acting as program administrator to carry out all program administrative and reporting requirements on its behalf, including those requirements related to the identification and sale of all surplus public land, as defined by the Enterprise Zone Regulations, throughout the life of the zone. The Town Council recognizes that it may use the services of the Mount Rogers Planning District Commission for program administration responsibilities.

APPENDIX 7 : JOINT MULTI-JURISDICTION AGREEMENT

SAMPLE JOINT APPLICATION AGREEMENT

As the representative of the local governing body of Enterprise Zone City, I hereby certify that:

1. The aforementioned locality is in agreement with the other participating localities in filing this Joint application;
2. Any local Enterprise Zone incentives proposed by the aforementioned locality in this application represent a firm commitment;
3. The participating localities have established a binding mechanism to ensure that economic benefits of the Joint Zone will be shared among the applicant localities should the Zone be designated.
3. 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; and
4. A public hearing was held on August 26, 2009, to solicit comments on application.

Adam A Administrator

Chief Administrator's signature

September 1, 2010

Date

Name: Adam A. Administrator

Title: City Manager

APPENDIX 8 : SHARED BENEFITS AGREEMENT

SAMPLE GROWTH SHARING AGREEMENT

JOINT ECONOMIC DEVELOPMENT AND GROWTH SHARING AGREEMENT

This Agreement, made and entered into this _____ day of _____, 2008, by and between MONTGOMERY COUNTY, VIRGINIA (hereinafter, the "County"), and THE TOWN OF CHRISTIANSBURG, VIRGINIA (hereinafter, the "Town").

WITNESSETH:

WHEREAS, the County and the Town historically have provided some public services for their respective citizens through joint contracts and other cooperative arrangements, including water and sewer service; and

WHEREAS, the Board of Supervisors of the County and the Town Council of the Town are aware that the economic vitality of the Town and adjoining areas of the County are tied together and that economic and industrial expansion in either the Town or the adjoining area of the County provides increased employment opportunities and economic vitality for the citizens of both jurisdictions; and

WHEREAS, the availability of public water and public sewer services is a particularly critical factor in the commercial and industrial development of an area, and the County and Town both perceive that the unavailability of these services in the area of the County adjoining the Town known as the Woody/Wheatland/Hairston and Arbor View Lands and more fully described in the attached legal description for the 47.966 Acre Parcel and by the plat entitled "Plat of Survey of Revised Corporation Line For the Town of Christiansburg Located in Shawsville Magisterial District Montgomery County, Virginia (Sheet 2 of 2)" dated February 22, 2007, and incorporated as a part of this Agreement and attached hereto as Exhibit A (hereinafter referred to as "the Area") may have restricted development in the Area; and

WHEREAS, the County and the Town have determined that desirable commercial and industrial development in the Area can only be accomplished successfully through joint efforts to provide utility services to the Area.

NOW THEREFORE, in consideration of the recitals herein and mutual covenants, policies and agreements herein contained, and for the purposes of joint economic development and distributing equitably the revenues produced from such projects, the parties agree as follows:

1. Term. The term of this agreement is 20 years.
2. Revenue Sharing Area. The County and the Town agree that the sharing of tax revenue pursuant to this Agreement shall apply to the Area more fully described as the 47.966 acre parcel described in the attached Legal Description for the 47.966 Acre Parcel and the plat entitled, "Plat of Survey of Revised Corporation Line For the Town of Christiansburg Located in Shawsville Magisterial District Montgomery County, Virginia, (Sheet 2 of 2)" dated February 22, 2007.
3. Water and Sewer Development. The Town will provide water and sewer utilities to the Area on the same terms that it provides water and sewer utility service to users within the Town's current boundaries.
4. Sharing of Tax Revenues. The County and the Town agree to share revenues from the meals and transient lodging tax collected pursuant to Town Code Section 11- 96 *et. seq.* and Section 11-126 *et. seq.* (hereinafter the "Shared Taxes") in the Area for the term of this Agreement. The County will receive 35% of the Shared Taxes and the Town will receive 65% of the Shared Taxes commencing after final adoption of the Agreement. The Shared Taxes for each individual taxpayer shall be limited to the first 10 years of its operation within the term of the Agreement. For example, if a taxpayer opens in the 13th year of this Agreement, the County

will receive its share only for 7 years to the end of the Agreement. In no event will the County be entitled to receive a portion of Shared Taxes paid by any taxpayer in the area for more than 10 years after the taxpayer commenced operation. In no event will the County be entitled to a portion of Shared Taxes paid by any taxpayer in the area more than 20 years from the date of this Agreement. The Town agrees to bi-annually remit the County's share of the taxes with the first payment due on or before February 15th for receipts collected by the Town from July 1st through December 31st and the second payment due on or before August 15th for receipts collected by the Town from January 1st through June 30th. The County and Town will share no other revenues, tax or otherwise, from the Area. In the event the General Assembly repeals or limits the authority of the Town to collect meals and/or transient lodging taxes but grants the Town the authority to impose a new local tax, then revenue collected from the new tax shall constitute part of the Town revenue subject to the sharing provision as long as the new tax may be used for general governmental purposes. The Town agrees to create and maintain all records necessary to determine and calculate the County's 35% portion of the shared tax revenues and provide a copy of such records to the County when remitting payment.

5. Commission on Local Government. The parties recognize that this Agreement is subject to review and the issuance of findings by the Commission on Local Government pursuant to Va. Code § 15.2-1301. The County and the Town agree that this Agreement shall be contingent upon review and findings made by the Commission on Local Government pursuant to § 15.2-1301 of the Code of Virginia, 1950, as amended and the Town and County each holding a public hearing advertised once a week for two successive weeks. The Town and the County have promptly initiated the steps necessary and required to obtain review of this Agreement by the Commission.

6. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the County and the Town and each of the future governing bodies of the County and the Town and upon any successor to either the County or the Town.

7. Amendments. This Agreement may be amended, modified, or supplemented in whole or in part, by mutual agreement of the County and the Town, prior to affirmation, by a written document of equal formality and dignity, duly executed by the authorized representatives of the County and the Town.

8. Enforceability. This Agreement shall be enforceable in the same way and manner as any other agreement between the County and the Town.

9. Standing. The County and the Town agree that each shall and thus have standing to enforce any of the provisions, covenants, conditions, and terms of this Agreement.

10. Execution. The parties agree that this agreement may be executed in counterparts.

WITNESS the following signatures and seals.

TOWN OF CHRISTIANSBURG, VIRGINIA

By: _____
Mayor

MONTGOMERY COUNTY, VIRGINIA

By: _____
Chairman, Board of Supervisors