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**HOUSE BILL NO. 1067****AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Finance  
on February 11, 2004)

(Patron Prior to Substitute—Delegate Armstrong)

*A BILL to amend and reenact § 59.1-274 of the Code of Virginia, relating to enterprise zone designations.***Be it enacted by the General Assembly of Virginia:****1. That § 59.1-274 of the Code of Virginia is amended and reenacted as follows:**

§ 59.1-274. Enterprise zone designation.

A. The governing body of any county, city or town may make written application to the Department to have an area or areas declared to be an enterprise zone. Such application shall include a description of the location of the area or areas in question, and a general statement identifying proposed local incentives to complement the state and any federal incentives. Two or more adjacent jurisdictions may file a joint application for an enterprise zone lying in the jurisdictions submitting the application.

B. The Governor may approve upon the recommendation of the Director of the Department the designation of up to 60 areas, of which five shall be designated as provided in subsection C and five shall be designated as provided in subsection D, as enterprise zones. Any county, city, or town shall be eligible to apply for more than one enterprise zone designation; however, each county, city, and town shall be limited to a total of three enterprise zones. ~~One~~Any enterprise zone in any county, city or town may consist of ~~two~~ *three* noncontiguous zone areas; however, a joint enterprise zone may consist of the joint zone area and ~~one~~ *two* additional noncontiguous zone ~~area~~ *areas* in each of the adjacent jurisdictions that submitted the application for the joint enterprise zone. The size of the enterprise zone shall consist of the total of the noncontiguous zone areas. The noncontiguous zone areas shall not be considered as separate zones for the purpose of calculating the maximum number of zone designations established by this chapter. Any such area shall consist of contiguous United States census tracts or block groups or any part thereof in accordance with the most current United States Census or with the most current data from the Center for Public Service or the local planning district commission. Any such area seeking designation as an enterprise zone shall also meet at least one of the following criteria: (i) have 25 percent or more of the population with incomes below 80 percent of the median income of the jurisdiction, (ii) have an unemployment rate 1.5 times the state average, or (iii) have a demonstrated floor area vacancy rate of industrial and/or commercial properties of 20 percent or more.

C. Five of the areas designated as enterprise zones on or after July 1, 1999, shall be located in localities that (i) have annual average unemployment rates for the most recent calendar year that are 50 percent higher than the final statewide average unemployment rate for the most recent calendar year or (ii) are within planning districts that have annual average unemployment rates for the most recent calendar year that are at least one percent greater than the final annual statewide average for the most recent calendar year. No area shall be designated as an enterprise zone pursuant to this subsection unless it also meets all the other eligibility criteria established pursuant to this chapter.

D. Five of the areas designated as enterprise zones on or after July 1, 2000, shall be located in localities that have annual average unemployment rates for the most recent calendar year that are 50 percent higher than the final statewide average unemployment rate for the most recent calendar year. No area shall be designated as an enterprise zone pursuant to this subsection unless it also meets all the other eligibility criteria established pursuant to this chapter.

E. If any portion of an area designated as an enterprise zone under this chapter is included in an area designated as an enterprise zone by an agency of the federal government, the area designated by this chapter shall be enlarged to include the area designated by the federal agency.

F. If an area that has not been designated as an enterprise zone under this chapter is designated by an agency of the federal government as a federal enterprise zone, that area shall then receive designation as a state zone under this chapter effective January 1 of the year following its designation as a federal enterprise zone.

G. Unless earlier terminated as provided in this chapter, an area's designation as an enterprise zone shall be for a period of 20 years; however, if the area is designated by an agency of the federal government as an enterprise zone at the time of the scheduled expiration of its enterprise zone designation, the area's enterprise zone designation shall continue until the expiration of the area's federal enterprise zone designation.

HOUSE SUBSTITUTE

HB1067H1