

**DEPARTMENT OF TAXATION
2005 Fiscal Impact Statement**

1. Patron H. Russell Potts, Jr.

2. Bill Number SB 777

House of Origin:

 Introduced

 Substitute

 Engrossed

3. Committee Passed House and Senate

4. Title Arts and Cultural Districts; Cities of Falls Church, Petersburg and Winchester

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would authorize the cities of Falls Church, Petersburg and Winchester to each establish an arts and cultural district and to provide incentives for the support and creation of arts and cultural venues in the district. The cities would be authorized to grant tax incentives in the district for up to ten 10 years, including, but not be limited to: (1) reduction of permit fees; (2) reduction of user fees; and (3) reduction of any type of gross receipts tax. The cities would also be authorized to provide regulatory flexibility incentives in the district for up to ten 10 years, including, but not be limited to: (1) special zoning; (2) permit process reform; and (3) exemption from ordinances.

Under current law, only the cities of Harrisonburg and Charlottesville have this authority.

The effective date of this bill is not specified.

6. Fiscal Impact Estimates are: Not available. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state revenues. This bill would have an unknown impact on local revenues in the cities of Falls Church, Petersburg and Winchester to the extent they use the authority provided by this bill to provide incentives in an arts and cultural district.

9. Specific agency or political subdivisions affected:

Cities of Falls Church, Petersburg and Winchester

10. Technical amendment necessary: No.

11. Other comments:

Under current law, the cities of Harrisonburg and Charlottesville are each authorized to establish an arts and cultural district and to provide incentives for the support and creation of arts and cultural venues in the district. They are authorized to grant tax incentives in the districts for up to ten 10 years, including, but not be limited to: (1) reduction of permit fees; (2) reduction of user fees; and (3) reduction of any type of gross receipts tax. They are also authorized to provide regulatory flexibility incentives in the districts for up to ten 10 years, including, but not be limited to: (1) special zoning; (2) permit process reform; and (3) exemption from ordinances.

This bill would extend this authority to the Cities of Falls Church, Petersburg and Winchester.

cc : Secretary of Finance

Date: 3/9/2005 JEM