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SENATE BILL NO. 1193

Offered January 12, 2011

Prefiled January 12, 2011

A BILL to amend the Code of Virginia by adding in Article 10 of Chapter 38 of Title 58.1 a section numbered 58.1-3851.1, relating to tourism zones; tax revenues from tourism project.

Patron—Norment

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 10 of Chapter 38 of Title 58.1 a section numbered 58.1-3851.1 as follows:

§ 58.1-3851.1. Entitlement to tax revenues from tourism project.

A. If a locality has established a tourism zone pursuant to § 58.1-3851, and the ordinance creating the zone has established a tourism plan and has an authorized tourism project as determined by guidelines set forth by the Virginia Tourism Authority, the authorized tourism project shall be entitled to one percent of the sales tax revenues generated by transactions taking place on the premises of the authorized tourism project, subject to the conditions set forth in subsection C. The purpose of such entitlement shall be to assist the developer with a gap in project funding between the expected development costs and available debt and equity capital. The entitlement shall continue until this gap in funding is paid or refinanced. All sales tax revenues shall be applied to outstanding debt used to construct and equip the authorized tourism project. The State Comptroller shall remit such sales tax revenues to the locality in which the authorized tourism project is located on a quarterly basis, subject to such reasonable processing delays as may be required by the Department of Taxation to calculate the actual net sales tax revenues generated by transactions taking place upon the premises of the authorized tourism project. The State Comptroller shall make such remittances to the locality, as provided herein, notwithstanding any provisions to the contrary in the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.). The locality shall provide such amounts to the local industrial development authority or any local or regional political subdivision ("the economic development authority"), the public purpose of which is to assist in economic development. No payments herein shall be made until an agreement exists between the authorized tourism project and the economic development authority.

B. If a locality has established a tourism zone pursuant to § 58.1-3851 and has an authorized tourism program as determined by the guidelines set forth by the Virginia Tourism Authority, but has not by ordinance adopted a tourism plan, the local governing body of the county or city in which the authorized tourism project is located may direct, by ordinance or resolution, that at least one percent of the local sales and use tax revenues, or other local taxes as designated by the ordinance, generated by transactions taking place on the premises of the authorized tourism project shall be remitted by the State Comptroller to the locality. Such remittances shall be for the same period and under the same conditions as remittances to the locality paid in accordance with subsection A, mutatis mutandis.

C. Prior to any entitlement to tax revenues for an authorized tourism project pursuant to subdivision A or B, the owner of such project shall have a minimum of 80 percent of funding for the project in place through debt or equity, enter into a performance agreement with the economic development authority, and enter into an agreement to pay an access fee. The access fee shall be equivalent to the one percent sales tax revenue generated by and returned to the project, and shall be collected by the locality and remitted to the economic development authority on a quarterly basis. The access fee and the sales tax entitlement shall be used to pay the debt service required to finance the construction of the authorized tourism project.

D. In the event that the total amount of sales tax entitlement and the access fee exceeds any annual debt service required to finance the construction of the authorized tourism project, such excess shall be held in an account dedicated for the project until the debt is paid in full.