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**HOUSE BILL NO. 431**

Offered January 10, 2018

Prefiled January 6, 2018

*A BILL to amend and reenact §§ 59.1-542 and 59.1-544 of the Code of Virginia, relating to the Enterprise Zone Grant Program; designation of enterprise zone; amendments to the size of an enterprise zone.*

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 Patron—Marshall
 

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Referred to Committee on Counties, Cities and Towns

**Be it enacted by the General Assembly of Virginia:****1. That §§ 59.1-542 and 59.1-544 of the Code of Virginia are amended and reenacted as follows:****§ 59.1-542. Enterprise zone designation.**

A. Upon the Department's announcement of periodic zone designation competitions, the governing body of any county or city may make written application to the Department to have an area or areas declared an enterprise zone. Such application shall include a description of the area or areas to be included, the development potential of these areas, the need for special state incentives, the local incentives that shall be provided to support new economic activity, and other information that the Department deems necessary to assess requests for designation.

B. Two or more adjacent localities may file a joint application for an enterprise zone. Localities applying for a joint zone shall demonstrate a regional need for an enterprise zone and a regional impact that could not be achieved through a single jurisdiction zone. Applicants for a joint zone shall also specify what mechanisms will be used to ensure that the economic benefits of such a zone are shared among the applicant localities.

C. An enterprise zone may consist of no more than three noncontiguous areas. The aggregate size of these noncontiguous zone areas shall be ~~specified by regulation~~ as follows:

1. For cities, the minimum size of an enterprise zone shall be one-quarter square mile and the maximum size of an enterprise zone shall be one square mile or seven percent of the jurisdiction's land area or an area that includes seven percent of the population, whichever is largest.

2. For towns designated as enterprise zones under former §§ 59.1-272 through 59.1-278, 59.1-279.1, or 59.1-280.2 through 59.1-284 of the Enterprise Zone Act (§ 59.1-270 et seq.), the size of an enterprise zone shall conform to the size requirements for cities in subdivision 1.

3. For unincorporated areas of counties, the minimum size of an enterprise zone shall be one-half square mile and the maximum size of an enterprise zone shall be six square miles.

4. For consolidated cities the enterprise zones in cities for which the boundaries were created through the consolidation of a city and county or the consolidation of two cities, the enterprise zone shall conform substantially to the size requirements for unincorporated areas of counties in subdivision 3.

In no instance shall a zone consist only of a site for a single business firm. Localities shall be limited to three enterprise zone designations.

D. A joint enterprise zone shall consist of no more than three noncontiguous zone areas for each participating locality. The aggregate size of these noncontiguous areas shall be specified by regulation.

E. Upon recommendation of the Director of the Department, the Governor may designate up to 30 enterprise zones in accordance with the provisions of this chapter. Such designations are to be done in coordination with the expiration of existing zones designated under earlier Enterprise Zone Program provisions. The initial round of six zone designation applications and approval may be conducted prior to adoption of final program regulations provided that the process is consistent with the provisions of this chapter. Enterprise zones shall be designated for an initial 10-year period except as provided for in subsections A and B of § 59.1-546. Upon recommendation of the Director of the Department, the Governor may renew zones for up to two five-year renewal periods. Recommendations for five-year renewals shall be based on the locality's performance of its enterprise zone responsibilities, the continued need for such a zone, and its effectiveness in creating jobs and capital investment.

F. Localities that have zone designations are responsible for providing the local incentives specified in their applications, providing timely submission of enterprise zone reports and evaluations as required by regulation, verifying that businesses and properties seeking enterprise zone incentives are physically located within their zones, and implementing an active local enterprise zone program within the context of overall economic development efforts.

**§ 59.1-544. Amendment of enterprise zones; redesignation of certain joint enterprise zones.**

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59 A. Once an enterprise zone has been designated, the local government may make written application  
60 to the Department to amend the zone boundaries in accordance with the requirements of § 59.1-542.  
61 Such boundary amendments are subject to Department approval. *Any amendment to an enterprise zone*  
62 *that includes the elimination of an area or areas from a zone shall not exceed the maximum size*  
63 *provisions of subsection C of § 59.1-542 and shall be reviewed by the Department with the potential*  
64 *impact on affected businesses and property owners given primary consideration.* Local governing bodies  
65 may amend their local enterprise zone incentives with the approval of the Department provided that the  
66 proposed incentive is equal to or superior to that in the original application or any previous amendment  
67 approved by the Department.

68 B. The Department may redesignate an existing joint enterprise zone consisting of two localities for  
69 the purpose of expanding the zone provided (i) all of the local governing bodies of the localities in  
70 which the proposed redesignated zone will be located have submitted to the Department resolutions  
71 supporting the proposed redesignation and applications for redesignation of the joint enterprise zone and  
72 (ii) the area of the locality added to the redesignated zone is contiguous to the existing joint enterprise  
73 zone and includes a revenue-sharing district that has experienced the loss of 900 permanent full-time  
74 positions within a 12-month period.

75 C. When a county or city was previously added to an existing enterprise zone to create a joint  
76 enterprise zone, the Department shall redesignate the enterprise zone when the term of the joint  
77 enterprise zone expires. The duration of the enterprise zone redesignated pursuant to this subsection shall  
78 be equal to the length of time the original enterprise zone existed before the county or city was added to  
79 create the joint enterprise zone.

80 D. As used in this section, "joint enterprise zone" means an enterprise zone located in two or more  
81 adjacent localities.

82 E. Any redesignation of an existing joint enterprise zone shall be in compliance with all applicable  
83 regulations promulgated by the Department.