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SENATE BILL NO. 1187

Offered January 21, 1999

A *BILL to amend and reenact §§ 59.1-274 and 59.1-284 of the Code of Virginia, relating to the designation of enterprise zones.*

Patrons—Wampler, Marye and Puckett; Delegates: Jackson and Kilgore

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 59.1-274 and 59.1-284 of the Code of Virginia are 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 of Housing and Community Development the designation of up to fifty-five areas, of which five shall be designated as provided in subsection C, as enterprise zones. A designation of an area as an enterprise zone shall be for a period of twenty years unless sooner terminated as provided in § 59.1-284.

C. Five of the areas designated as enterprise zones on or after July 1, 1999, shall be located in rural localities within an eligible area. As used in this subsection, (i) "region" means the area within the geographic boundaries of a planning district established pursuant to § 15.2-4203; (ii) "eligible region" means a region that had an annual average unemployment rate that is at least one percent greater than the final annual statewide average unemployment rate for the most recent calendar year; and (iii) "eligible area" means the portion of an eligible region that satisfies such additional conditions for designation as the Board of Housing and Community Development shall establish by policy or regulation. The additional conditions for designation as an eligible area shall take into account employment, household and personal income, potential job growth, and such other factors relating to economic and demographic conditions within the region as the Board deems are consistent with the purposes of this chapter. No region shall have more than one area designated as an enterprise zone pursuant to this subsection. No area shall be designated as an enterprise zone pursuant to this subsection unless it also meets all other eligibility criteria established pursuant to this chapter.

D. 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 enterprise zone in any county, city or town may consist of two noncontiguous zone areas. The size of the enterprise zone shall consist of the total of the two noncontiguous zone areas. The two 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.

E. Any such area for which designation as an enterprise zone is sought 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 twenty-five percent or more of the population with incomes below eighty 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 twenty percent or more.

§ 59.1-284. Review and termination of enterprise zone.

A. Upon designation of an area as an enterprise zone, the proposals for regulatory flexibility, tax incentives and other public incentives specified in this chapter shall be binding upon the local governing body to the extent and for the period of time specified in the application for zone designation. If the local governing body is unable or unwilling to provide the regulatory flexibility, tax incentives or other public incentives as proposed in the application for zone designation, the designation as an enterprise zone shall terminate. Qualified business firms located in such enterprise zone shall be eligible to receive the state tax incentives provided by this chapter even though the zone designation has terminated. No business firm may become a qualified business firm after the date of zone termination. The governing body may amend its application with the approval of the Department, provided the governing body

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60 proposes an incentive equal to or superior to the unamended application.

61 B. The Department shall periodically review the effectiveness of state and local incentives in
62 increasing investment and employment in each enterprise zone, and shall annually report its findings to
63 the Senate Finance Committee, the Senate Committee on Commerce and Labor, the House Finance
64 Committee, and the House Committee on Labor and Commerce.

65 C. If no business firms in an enterprise zone have qualified for benefits provided pursuant to this
66 chapter within a five-year period, the Department shall terminate that enterprise zone designation;
67 *however, the Department shall only terminate the designation of an area as an enterprise zone made*
68 *pursuant to subsection C of § 59.1-274 if no business firm within the enterprise zone has qualified for*
69 *benefits provided pursuant to this chapter within ten years following the date of such designation.*