

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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

4 [H 2285]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That the Code of Virginia is amended by adding in Article 10 of Chapter 38 of Title 58.1 a**
8 **section numbered 58.1-3851.1 as follows:**9 *§ 58.1-3851.1. Entitlement to tax revenues from tourism project.*10 *A. For purposes of this section, unless the context requires a different meaning:*11 *"Economic development authority" means a local industrial development authority or a local or*
12 *regional political subdivision, the public purpose of which is to assist in economic development.*13 *"Gap financing" means debt financing to compensate for a shortfall in project funding between the*
14 *expected development costs of an authorized tourism project and the debt and equity capital provided by*
15 *the developer of the project.*16 *B. 1. If a locality has established a tourism zone pursuant to § 58.1-3851, has adopted an ordinance*
17 *establishing a tourism plan as determined by guidelines set forth by the Virginia Tourism Authority, and*
18 *has adopted an ordinance authorizing a tourism project to meet a deficiency identified in the adopted*
19 *tourism plan approved by the Virginia Tourism Authority, and the tourism project has been certified by*
20 *the State Comptroller as qualifying for the entitlement to tax revenues authorized by this section, the*
21 *authorized tourism project shall be entitled to one percent of the state sales tax revenues generated by*
22 *transactions taking place on the premises of the authorized tourism project. The entitlement shall be*
23 *contingent on the locality enacting an ordinance designating certain local tax revenues to the tourism*
24 *project pursuant to subsection C and shall be subject to the conditions set forth in subsection D. The*
25 *purpose of such entitlement shall be to assist the developer with obtaining gap financing and making*
26 *payments of principal and interest thereon. The entitlement shall continue until the gap financing is paid*
27 *in full. Entitled sales tax revenues shall be applied solely to payments of principal and interest on the*
28 *qualified gap financing.*29 *2. On a quarterly basis, the Tax Commissioner shall certify the amount of the entitled sales tax*
30 *revenues to the Comptroller, who shall remit such revenues to the county or city in which the authorized*
31 *tourism project is located. The county or city shall remit the revenues to the economic development*
32 *authority. No payments herein shall be made until an agreement exists between the developer of the*
33 *authorized tourism project and the economic development authority.*34 *3. The state sales tax entitlement established in subdivision 1 shall not include any sales tax revenues*
35 *dedicated pursuant to § 58.1-638 or 58.1-638.1.*36 *C. If a locality has adopted the ordinances required by subdivision B 1 to entitle an authorized*
37 *tourism project to one percent of state sales tax revenues generated by transactions taking place on the*
38 *premises of the authorized tourism project, the local governing body of the county or city in which the*
39 *authorized tourism project is located shall also direct by ordinance that at least one percent of the local*
40 *sales and use tax revenues, or an equivalent amount of other local tax revenues as designated by the*
41 *ordinance, generated by transactions taking place on the premises of the authorized tourism project*
42 *shall be applied to the payment of principal and interest on the qualified gap financing. Such revenues*
43 *shall be remitted in the same manner, for the same time period, and under the same conditions as the*
44 *remittances paid in accordance with subsection B, mutatis mutandis.*45 *D. Prior to any entitlement to tax revenues for an authorized tourism project pursuant to subsections*
46 *B and C, the owner of such project shall have a minimum of 80 percent of funding for the project in*
47 *place through debt or equity, enter into a performance agreement with the economic development*
48 *authority or political subdivision, and enter into an agreement to pay an access fee. The access fee shall*
49 *be equivalent to the one percent sales tax revenue generated by and returned to the project pursuant to*
50 *subdivision B 1 and shall be collected by the locality and remitted to the economic development*
51 *authority on a quarterly basis. The access fee and the sales tax entitlement shall be used solely to make*
52 *payments of principal and interest on the qualified gap funding.*53 *E. In the event that the total amount of sales tax entitlement and the access fee exceeds any annual*
54 *debt service on the qualified gap financing, such excess shall be paid to the principal of the loan until*
55 *the qualified gap financing is paid in full.*