



City of Petersburg Tourism Zone Incentive Repayment Assistance Program

Department of Economic Development
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Overview

- Background of Ordinance 16-ORD-06
- Tourism Zone
- Economic Development Authority
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16-ORD-06

Virginia Code §58.1-3851: Creation of Local Tourism Zones

- A. Any city, county, or town may establish, by ordinance, one or more tourism zones. Each locality may grant tax incentives and provide certain regulatory flexibility in a tourism zone.

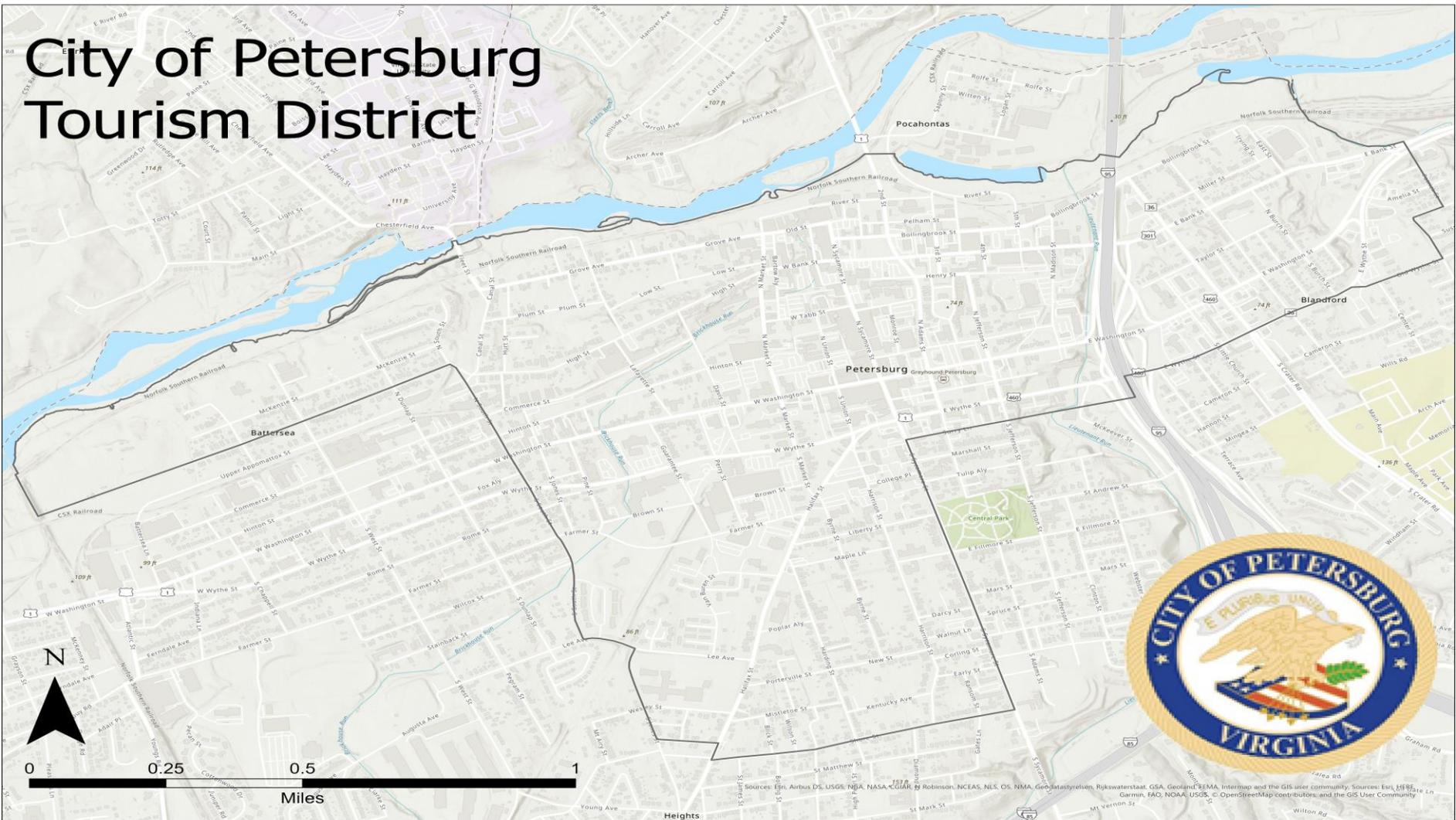
- B. The tax incentives may be provided for up to 20 years and may include, but not be limited to (i) reduction of permit fees, (ii) reduction of user fees, and (iii) reduction of any type of gross receipts tax. The extent and duration of such incentive proposals shall conform to the requirements of the Constitutions of Virginia and of the United States

16-ORD-06

On February 16, 2016, The City of Petersburg established the Tourism Zone, 16-ORD-06. The purpose of the Petersburg Tourism Zone is to facilitate the establishment and growth of businesses that

- (1) increase capital investment and create jobs,
- (2) increase the inventory of tourism-related businesses, and
- (3) enhance public amenities, attractions, and revenue.

City of Petersburg Tourism District



Sources: Esri, Airbus DS, USGS, NGA, NASA, IGNAR, Robinson, NCEAS, NLS, OS, NMA, Geostatsyrielsen, Rijkswaterstaat, GSA, Geoland, EMA, Intermap and the GIS user community. Sources: Esri, Baidu, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community

Economic Development Authority Revolving Loan Fund

On May 20, 2021, The City of Petersburg Economic Development Authority established a Revolving Loan Fund to assist new and existing businesses receive funding to grow and expand their business.

The Department of Economic Development will provide administrative support to administer this program.

Incentive Repayment Assistance Program

Incentive Repayment Assistance Program is defined as:

- A. A new or existing Tourism Business may apply through the Department of Economic Development Tourism Zone to become a Qualified Tourism Business.
- B. Projects that meet the criteria (located in tourism zone, investment amount, job creation) and that have received funding through the City of Petersburg Economic Development Authority Revolving Loan Fund, may apply for the Incentive Repayment Assistance Program.
- C. This program provides businesses assistance with the repayment to the incentive program to the City of Petersburg Economic Development Authority thru meals and lodging tax revenue paid to the City monthly, not to exceed half the loan amount.
- D. Once the project is completed and generating income, using data from the Virginia Department of Taxation, the Commissioner of Revenue will verify reported taxes from project's applicant.

Incentive Repayment Assistance Program

- The repayment percentage amount will be based on total investment and jobs created outlined in the program tiers. Payments to the Economic Development Authority, will be paid on an annual basis by the City of Petersburg.
- Any outstanding balance owed due to lack of revenue generated by the meals and lodging taxes, will be the sole responsibility of the borrower to repay to the Economic Development Authority.
- In order to qualify for the program, projects must be located in the designated Tourism Zone. The business must advance the City's strategic goals and the City's Comprehensive Plan. The business must commit to a performance agreement based upon investment, historic preservation, jobs, meals and lodging tax revenues, or other significant criteria.
- The program is a five-year program with an option to renew once, thus qualifying for a period not to exceed 10 years dependent upon the loan repayment terms. Businesses must reapply annually to receive the incentives, provide proof of meal and lodging revenue, proof they are current in their tax payments to the City, and proof of employment numbers to re-qualify.

Tier System

Tier	Investment	Jobs	Incentive Amount
Tier 1	\$50,000-\$250,000	Three new full time equivalent	6.25% annually
Tier 2	\$250,000-\$1Million	five new full-time equivalent jobs	12.5% annually
Tier 3	\$1million-\$5million	ten new full-time equivalent jobs	25% annually
Tier 4	\$5million-\$10million	fifteen new full-time equivalent jobs	37.5% annually
Tier 5	\$10million or more	twenty new full-time equivalent jobs	50% annually

Incentive will not exceed half the loan amount

Economic Impact on the City

- Allow the City to compete with other localities for development.
- Provide incentives to developers to assist with financing and repaying of the loan. This will encourage entrepreneurship and development.
- Increase the tax base for the City by creating jobs, investment and generating revenue to the City.
- Provide tourism destinations and attractions that will market the City and boost tourism.
- Show financial institutions that the City is vested in economic development by providing tools to assist entrepreneurs and developers with financing their projects.
- Show that the City is “Open for Business”
- Allows for a continuous flow of revenue to the City
 - City Collect Meals and Lodging taxes
 - City allocates portion of taxes to the EDA to assist with loan payment
 - EDA uses revenue to assist another company expand or start up
 - New or Existing business generate new revenue to the City
 - Cycle repeats

Envisioning the Future



Conclusion

- Incentive Repayment Assistance Program will assist new and existing businesses located in the Tourism Zone repay the loan to the Economic Development Authority thru meals and lodging taxes generated by the business.
- The incentive will be based on a tier system that designates the amount of total investment and jobs created.
- The incentive will not exceed half the loan amount.
- The incentive is based on five years, with a one-time renewal option, not to exceed 10 years.
- The business must renew annually by providing proof of meals and lodging taxes, be current on their taxes with the City of Petersburg and provide proof of employment numbers.

Questions?

Thank you !

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**AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ESTABLISH THE TOURISM ZONE INCENTIVE
REPAYMENT ASSISTANCE PROGRAM**

WHEREAS, On February 16, 2016, The City of Petersburg established the Tourism Zone, 16-ORD-06; and

WHEREAS, The purpose of the Petersburg Tourism Zone is to facilitate the establishment and growth of businesses that (1) increase capital investment and create jobs, (2) increase the inventory of tourism-related businesses, and (3) enhance public amenities, attractions, and revenue; and

WHEREAS, Pursuant to Virginia Code §58.1-3851, A. Any city, county, or town may establish, by ordinance, one or more tourism zones. Each locality may grant tax incentives and provide certain regulatory flexibility in a tourism zone. B. The tax incentives may be provided for up to 20 years and may include, but not be limited to (i) reduction of permit fees, (ii) reduction of user fees, and (iii) reduction of any type of gross receipts tax. The extent and duration of such incentive proposals shall conform to the requirements of the Constitutions of Virginia and of the United States; and

WHEREAS, On May 20, 2021, The City of Petersburg Economic Development Authority established a Revolving Loan Fund to assist new and existing businesses receive funding to grow and expand their business; and

WHEREAS, The City of Petersburg wish to create the Incentive Repayment Assistance Program to assist new and existing businesses to repay the loan to the Economic Development Authority; and

WHEREAS, Incentive Repayment Assistance Program is defined as -A new or existing Tourism Business may apply through the Department of Economic Development Tourism Zone to become a Qualified Tourism Business. Projects that meet the criteria and that have received funding through the City of Petersburg Economic Development Authority Revolving Loan Fund, may apply for the Incentive Repayment Assistance Program. This program provides businesses assistance with the repayment to the incentive program to the City of Petersburg Economic Development Authority thru meals and lodging tax revenue paid to the City monthly, with overall payments not to exceed half the loan amount; and

WHEREAS, the repayment amount will be based on total investment and jobs created outlined in the program tiers; and

WHEREAS, payments to the Economic Development Authority, will be paid on an annual basis by the City of Petersburg.

WHEREAS, Any outstanding balance owed due to lack of revenue generated by the meals and lodging taxes, will be the sole responsibility of the borrower to repay to the Economic Development Authority; and

WHEREAS, In order to qualify for the program, projects must be located in the designated Tourism Zone. The business must advance the City's strategic goals and the City's Comprehensive Plan. The business must commit to a performance agreement based upon investment, historic preservation, jobs, meals and lodging tax revenues, or other significant criteria; and

WHEREAS, The program is a five-year program with an option to renew once, thus qualifying for a period not to exceed 10 years dependent upon the loan repayment terms. Businesses must reapply annually to receive the incentives, provide proof of meal and lodging revenue, proof they are current in their tax payments to the City, and proof of employment numbers to re-qualify; and

NOW THEREFORE BE IT ORDAINED, on October 19, 2021, The City of Petersburg City Council authorizes the City Manager to establish the Incentive Repayment Assistance Program as an incentive of the Tourism Zone with the criteria outlined in Attachment A.

Exhibit A

Incentive Repayment Assistance Program

Incentive Repayment Assistance Program is defined as -A new or existing Tourism Business may apply through the Department of Economic Development Tourism Zone to become a Qualified Tourism Business. Projects that meet the criteria and that have received funding through the City of Petersburg Economic Development Revolving Loan Fund, may apply for the Incentive Repayment Assistance Program. This program provides businesses assistance with the repayment to the incentive program to the City of Petersburg Economic Development Authority thru meals and lodging tax revenue paid to the City monthly, not to exceed half the loan amount.

In order to qualify for the program, projects must be located in the designated Tourism Zone. The business must advance the City's strategic goals and the City's Comprehensive Plan. The business must commit to a performance agreement based upon investment, historic preservation, jobs, meals and lodging tax revenues, or other significant criteria.

This program is a five-year program with an option to renew once, thus qualifying for a period not to exceed 10 years dependent upon the loan repayment terms. Businesses must reapply annually to receive the incentives, provide proof of meal and lodging revenue, proof they are current in their tax payments to the City, and proof of employment numbers to re-qualify.

Any outstanding balance owed due to lack of revenue generated by the meals and lodging taxes, will be the sole responsibility of the borrower to repay to the Economic Development Authority.

Tier 1 projects

Tier 1 projects may be eligible for up to 6.25% annually for meals and lodging taxes applied to payment to the lender toward incentive program not to exceed half the loan amount. Tier 1 projects must have at least \$50,000 but no more than \$250,000 in private investment and create three new full-time equivalent jobs. Once the project is completed and generating income, using data from the Virginia Department of Taxation, the Commissioner of Revenue will verify reported taxes from project's applicant. A total of 6.25% of the taxes collected is the amount the locality will contribute towards debt service on the project. These payments will be made on an annual basis to the Economic Development Authority

Tier 2 projects

Tier 2 projects may be eligible for up to 12.5% annually for meals and lodging taxes applied to payment to the lender toward incentive program not to exceed half the loan amount. Tier 1 projects must have at least \$250,000 but no more than \$1 million in private investment and create five new full-time equivalent jobs. Once the project is completed and generating income,

using data from the Virginia Department of Taxation, the Commissioner of Revenue will verify reported taxes from project's applicant. A total of 12.5% of the taxes collected is the amount the locality will contribute towards debt service on the project. These payments will be made on an annual basis to the Economic Development Authority.

Tier 3 Projects

Tier 3 projects may be eligible for up to 25% annually for meals and lodging taxes applied to payment to the lender toward incentive program not to exceed half the loan amount. Tier 2 projects must have at least \$1 million but no more than \$5 million in private investment and creates ten new full-time equivalent jobs. Once the project is completed and generating income, using data from the Virginia Department of Taxation, the Commissioner of Revenue will verify reported taxes from project's applicant. A total of 25% of the taxes collected is the amount the locality will contribute towards debt service on the project. These payments will be made on annual basis to the Economic Development Authority.

Tier 4 Projects

Tier 4 projects may be eligible for up to 37.5% annually for meals and lodging taxes applied to payment to the lender toward incentive program not to exceed half the loan amount. Tier 3 projects must have at least \$5 million but no more than \$10 million in private investment and creates fifteen new full-time equivalent jobs. Once the project is completed and generating income, using data from the Virginia Department of Taxation, the Commissioner of Revenue will verify reported taxes from project's applicant. A total of 37.5% of the taxes collected is the amount the locality will contribute towards debt service on the project. These payments will be made on annual basis to the Economic Development Authority.

Tier 5 Projects

Tier 5 projects may be eligible for up to 50% annually for meals and lodging taxes applied to payment to the lender toward incentive program not to exceed half the loan amount. Tier 4 projects must have at least \$10 million or more in private investment and create creates twenty new full-time equivalent jobs. Once the project is completed and generating income, using data from the Virginia Department of Taxation, the Commissioner of Revenue will verify reported taxes from project's applicant. A total of 50% of the taxes collected is the amount the locality will contribute towards debt service on the project. These payments will be made on annual basis to the Economic Development Authority.

Project A Meal Taxes Tier

Monthly Revenue	Meal Tax (7%)	Tier Level	Tier Level Amount	Annual Amount	5-year amount	10-year amount
\$100,000	\$7000	1 (6.25)	\$437.50	\$5,250	\$26,250	\$52,500
\$100,000	\$7000	2 (12.5%)	\$875	\$10,500	\$52,500	\$105,000
\$100,000	\$7000	3 (25%)	\$1,750	\$21,000	\$105,000	\$210,000
\$100,000	\$7000	4 (37.5%)	\$2,625	\$31,500	\$157,500	\$315,000
\$100,000	\$7000	5 (50%)	\$3,500	\$42,000	\$210,000	\$420,000

Project A Lodging Taxes Tier

Monthly Revenue	Lodging Taxes (10%)	Tier Level	Tier Level Amount	Annual Amount	5-year amount	10-year amount
\$100,000	\$10,000	1 (6.25)	\$625	\$7,500	\$37,500	\$75,000
\$100,000	\$10,000	2 (12.5%)	\$1,250	\$15,000	\$75,000	\$150,000
\$100,000	\$10,000	3 (25%)	\$2,500	\$30,000	\$150,000	\$300,000
\$100,000	\$10,000	4 (37.5%)	\$3,750	\$45,000	\$225,000	\$450,000
\$100,000	\$10,000	5 (50%)	\$5,000	\$60,000	\$300,000	\$600,000