

ORDINANCE #16-19

**AN ORDINANCE ESTABLISHING A TOURISM ZONE KNOWN AS
THE CULINARY ARTS AND HOSPITALITY DISTRICT
IN THE CITY OF WILLIAMSBURG**

WHEREAS, Code of Virginia (1950), as amended, §58.1-3851 provides for the creation of a tourism zone, which may include offering certain economic incentives for tourism related businesses locating therein; and

WHEREAS, the City Council desires to promote tourism by the creation of a tourism zone to promote the culinary arts and hospitality businesses and thus positively influence the lives of Williamsburg residents, visitors, and enhance the City's economy; and

WHEREAS, the City Council for the City of Williamsburg has determined that it would be advantageous and appropriate to establish a tourism zone to promote the culinary arts and hospitality businesses within the City in order to facilitate the co-location of such businesses within an area of the City by creating such a district; and

WHEREAS, in order to encourage qualified culinary arts and hospitality businesses to locate within the district, City Council has determined that the City shall offer certain economic incentives to qualified businesses which locate within the designated district; and

NOW, THEREFORE, BE IT ORDAINED that in furtherance of the above stated desire and intent of City Council, Chapter 3 of the Code of the City of Williamsburg is hereby amended and restated as follows:

CHAPTER 3. ARTS, ECONOMIC DEVELOPMENT AND TOURISM DISTRICTS

Article I – Arts and Cultural District

Sec. 3.1. Arts and cultural district; purpose and establishment.

City Council recognizes that human creativity is critical to the City's future economic success. Arts and culture related businesses and organizations add cultural and economic diversity to the city; enhance the lives of the City's residents and visitors and positively impact the City's economy by generating jobs and revenue, and retaining a competitive workforce. Thus, in Council's opinion it is important to encourage co-location of arts and culture related businesses and organizations within a defined arts and culture district within the City, thereby enhancing those business and organizations to more effectively promote their common interests. Council further believes that the location of arts and cultural related businesses and organizations within close proximity within the City will encourage the growth of creative industries, as well as complementary businesses, thus increasing the overall economic activity within the district and other neighboring areas. Therefore, in accordance with § 15.2-1129.1 of the

Code of Virginia, an arts and culture district is hereby established in the City of Williamsburg, the purpose of which is to increase awareness and support for arts, culture, and the creative economy in the City of Williamsburg, especially within the area designated as the Williamsburg Arts District as particularly described in Sec. 3.2 below.

Sec. 3.2. District Boundaries and date established.

The boundaries of the Williamsburg Arts and Culture District are as set forth on the map entitled "Williamsburg Arts District," dated December 8, 2010, as maintained in the Williamsburg Office of Economic Development, the provisions of which map are incorporated fully herein by reference. The designation of the area as an arts and cultural district shall not in any respect override any applicable City Code regulatory requirements including, but not limited to zoning regulations, fire code, nuisance, and building and property maintenance codes.

Sec. 3.3. Definitions.

For the purposes of this chapter, and unless otherwise indicated to the contrary, the following term(s) shall have the following meaning(s):

Creative Economy Business: A business whose primary economic activities are the generation or utilization of innovation, knowledge and information involving individual creativity, skill and talent which activities have a potential for wealth and job creation through the generation of ideas, products and/or services. Standard categories may include, but are not limited to: advertising, architecture, art and antiques, designing computer games or software, culinary arts, crafts, design, designer fashion, film and video, music, performing arts, publishing, TV and radio.

District Administrator: The City Manager, or another employee of the City of Williamsburg as designated by the City Manager, shall serve as the district administrator for the Williamsburg Arts District.

Qualified Arts Business shall mean a new business or expanded business as defined below, or not-for-profit organization that carries on at least one of the following business activities in the arts district and had been classified by the district administrator as a Qualified Arts Business for the purposes of this chapter:

- (a) A business for profit or not-for-profit organization that presents live performances of theatre, dance, music, or other imaginative work and/or produces or exhibits physical works created by, or under the direction of one or more artists, which are intended for unique production or limited reproduction. Museums or historic sites, the primary mission of which is education, history, or historic preservation, also qualify as arts and culture organizations.

(b) A creative economy business.

In no case shall an office use such as a bank, real estate office, medical office, attorney's office or any other general office use qualify as a Qualified Arts Business for the purposes of this chapter. Additionally, in no case shall a restaurant or retail shop that is a franchise or chain with three or more physical locations qualify as a Qualified Arts Business for the purposes of this chapter.

New Business shall mean a qualified arts business that is not currently located within the City of Williamsburg

Expanded business shall mean a qualified arts business that is currently located in the City of Williamsburg and does one of the following:

- Makes a capital investment in the qualified arts business of at least \$10,000. Capital investments are amounts spent to acquire or upgrade productive fixed assets (such as buildings, machinery and equipment, vehicles) to increase the capacity or efficiency of a firm for more than one accounting period. Capital investments do not include funds spent for working capital or day-to-day operation of the business.
- Creates at least one new full time job at the qualified arts business

Incentives for an Expanded Business will apply only to the increased amount of BPOL and Sales Tax that the expanded business pays after it qualifies as an expanded business, but will apply to all Zoning and Building Fees for the five years after the business qualifies as an expanded business.

When applying for any benefit afforded under this chapter, the applicant shall have the burden of proving qualification as a Qualified Arts Business.

Sec. 3.4. Administration.

The City Manager or the district administrator if one is so designated by the City Manager, shall be responsible for administration of this chapter and shall determine the procedures for applying for and obtaining the incentives provided herein.

Sec. 3.5. Eligibility requirements.

Economic incentives and regulatory flexibility may be made available on a one-time basis to any new or expanded qualified arts business physically located in the arts district that carries on at least one of the activities described in Section 3.3 above and that to the satisfaction of the district administrator, meets the following criteria:

- The business or organization must advance the City's strategic goals identified in the City's most recently adopted economic development strategic plan and its current comprehensive plan.
- The business or organization must enter into a written arts district agreement that will include, among other things, a description of the principal business activities to be carried on in the arts district; a description of the location of said business within the arts district and whether such location is owned by the applicant business or organization or leased and if leased, the name of the landlord and the length of the lease term; details regarding the structure of the business (i.e. type of entity and if other than a sole proprietorship, the names and addresses of all principals of the business); a narrative description of the current and past activities of the business or organization, and in the case of an already operating business or organization, information regarding current and past locations of the business or organization; and a five-year business plan including pro-forma. The agreement shall be subject to review and approval by the City Attorney.
- The business or organization must at all times comply with all applicable Federal, State and City laws and regulations.

Sec. 3.6. Compliance.

Failure of a Qualified Arts Business to pay taxes when due or to comply with the requirements of this chapter shall result in loss of qualification as follows:

- (1) The qualified arts business has entered into an agreement as provided in [section 3-5](#) above and fails to pay in full any tax along with any penalty and interest for late payment, imposed by the City by the end of the calendar year for which the tax was due and payable, shall lose its qualification for the year such tax was due and its entitlement to any incentives afforded under this chapter during such period. Notwithstanding the foregoing, failure to pay any tax due which results in the issuance of criminal charges to enforce the payment of said tax shall result in the loss of the incentive for the year the tax was due, and, if the delinquent tax, along with penalty and interest, is not fully paid by end of the calendar year for which the tax was due, shall also result in a loss of the incentive for the remainder of the incentive term as provided in (2) below. This provision is for purposes of determining the qualification of arts district incentives only. Nothing in this section shall amend [Chapter 18](#) of the City Code or alter or otherwise amend the obligation of any person or business, including a qualifying arts business, to pay all taxes when due and owing, or shall relieve any person or business from any other penalty of law imposed for failure to timely pay any tax due pursuant to the laws of the Commonwealth of Virginia and of the City of Williamsburg.

- (2) Except as provided in [section 3-6\(1\)](#), a qualified arts business receiving incentives under this chapter that fails to at all times comply with all applicable Federal, State and City laws and regulations or that fails to comply with the terms of the agreement entered into as provided in [section 3-5](#) above shall in the case of a first offense lose its qualified arts business qualification for the remainder of the current fiscal year. Any second or subsequent failure to comply with applicable law or regulation, including failure to pay taxes in full as provided in [section 3-6\(1\)](#), the qualifying arts business shall lose its qualification for the duration of the total remaining incentive term.
- (3) A qualified arts business that loses its qualification under [section 3-6\(1\)](#) or (2), shall be liable to reimburse the City the full amount of all monies that it has received as incentives under this chapter during the calendar year of the period of non-compliance; such reimbursement to be paid to the City in full within 30 days of the loss of qualification.

Sec. 3.7. Available Incentives.

Upon approval by the district administrator and having entered into an agreement as provided in Section 3.5 above, a Qualified Arts Business shall be entitled to the incentives provided in Sections 3.8 through 3.11 below. If a business or organization ceases to be a Qualified Arts Business during a year in which rebates, payments or exemptions apply, they shall be prorated for the months the business was a Qualified Arts Business. The Qualified Arts Business shall establish its qualification for the incentives on an annual basis.

Sec. 3.8. BPOL Tax Rebate.

A Qualified Arts Business upon entering into an agreement as provided in Section 3.5 above shall be entitled to a rebate of business, professional and occupational license taxes ("BPOL") imposed by chapter 18, article X of the City Code over a period of five calendar years as follows:

- (a) Year one (1) is the first full calendar year in which a business operates as a Qualified Arts Business. However, if in its first calendar year of doing business in the arts district, a business operates as a qualified business for a period of less than six (6) months, such qualified business may elect to designate the following calendar year as year one (1) for purposes of obtaining the BPOL tax rebate. The rebate shall apply for a period of five (5) calendar years or until such time that the business no longer meets the definition of a Qualified Arts Business, whichever is the first to occur. If a business ceases to be a Qualified Arts Business or removes its operation from the district during a year in which the rebate applies, the business shall not be qualified or receive the rebate for that year.

- (b) A Qualified Arts Business must establish its qualification for the incentives on an annual basis and the percentage of rebate for each year shall be one hundred (100) percent rebate in year one (1); eighty (80) percent rebate in year two (2); sixty (60) percent rebate in year three (3); forty (40) percent rebate in year four (4) and twenty (20) percent rebate in year five (5).

To qualify for a business license tax rebate under this chapter, during the first twelve (12) months of operation within the arts district, a Qualified Arts Business must apply to the arts district administrator, who will determine if the business is a Qualified Arts Business. The Qualified Arts Business shall have the burden of demonstrating, to the satisfaction of the administrator, that it meets the definition of a Qualified Arts Business and that it meets all applicable criteria for a business license tax rebate. The Qualified Arts Business shall also file an annual business license application with the commissioner of the revenue and shall provide the director of finance with certification from the administrator that the business is a Qualified Arts Business. The Qualified Arts Business shall also provide the director with proof that no local taxes or fees are outstanding at the time of application for the business license tax rebate.

If more than one-half ($\frac{1}{2}$) of the gross receipts of a Qualified Arts Business are derived from a licensable activity that qualifies the business, the business license tax assessed on all gross receipts of such licensable activity shall be subject to the graduated rebates described above. If one-half ($\frac{1}{2}$) or less of the gross receipts of a particular licensable activity of a Qualified Arts Business is derived from qualifying operations, the graduated rebates shall be applied only to the amount of tax attributable to the gross receipts earned from the qualifying business activity. The determinations required by this subsection shall be performed by the finance director, and the Qualified Arts Business must submit business and financial records sufficient for the finance director to make said determination, within a reasonable time and upon the request of the district administrator.

All business license tax rebates are subject to adjustment by the commissioner of the revenue based on actual gross receipts earned from qualifying arts business activities. Any additional business license tax assessed due to such adjustments, or due to revocation of the tax rebate, shall be subject to collection and delinquency provisions set out in chapter 18 of the City Code.

Sec. 3.9 Sales Tax Benefit.

During its first five calendar years of operation in the arts district, a Qualified Arts Businesses shall be entitled to an annual payment equal to all or a portion of the one percent of sales tax attributed to the operations of that particular Qualified Arts Business from its location in the arts district that is returned to the City by the State for up to five consecutive calendar years. Year one (1) is the first full calendar year in which a

Qualified Arts Business operates in the arts district. However, if a business operates as a Qualified Arts Business for a period of less than six (6) months of the first calendar year, such qualified business may elect to designate the following calendar year as year one (1) for purposes of obtaining the sales tax payment.

To qualify for the sales tax incentive under this chapter, during the first twelve (12) months of operation within the arts district, a Qualified Arts Business must apply to the arts district administrator, who will determine if the business is a Qualified Arts Business. The Qualified Arts Business shall have the burden of demonstrating, to the satisfaction of the administrator, that it meets the definition of a Qualified Arts Business and that it meets all applicable criteria for the sales tax incentive. Such Qualified Arts Business must establish its qualification for the incentives on an annual basis and the percentage of sales tax incentive received by it hereunder during each calendar year shall be as follows: one hundred (100) percent in year one (1); eighty (80) percent in year two (2); sixty (60) percent in year three (3); forty (40) percent in year four (4) and twenty (20) percent in year five (5).

Sec. 3.10 Zoning and Building Fee Exemption

For a period of sixty (60) months from qualifying as a Qualified Arts Business entering into the agreement required by Section 3.5 above and for so long as such qualification continues during such period, such business or organization shall be exempt from fees that would otherwise be imposed on such Qualified Arts Business under Chapters 5 (buildings and building regulations) and 21 (zoning) of the Williamsburg Code arising out of the establishment or expansion of its business facility within the arts district. The exemption only applies to the owners of the Qualifying Arts Business and not to the fee simple or any other beneficial owner of the real property at which the business is located if the property is leased from a third party who is not the owner or a principal of the Qualified Arts Business. To qualify for a fee exemption under this chapter, a Qualified Arts Business must apply to the arts district administrator, who will determine if the business is a Qualified Arts Business. The Qualified Arts Business shall have the burden of demonstrating, to the satisfaction of the administrator, that it meets the definition of a Qualified Arts Business and that it meets all applicable criteria for the fee exemption.

Article II – Culinary Arts and Hospitality District

3.11 District Created.

City Council recognizes that the culinary arts is a burgeoning area of the tourism market adding cultural and economic diversity to the City; enhancing the lives of the City's residents and visitors and positively impacting the City's economy by generating jobs and revenue, and retaining a competitive workforce. Thus, in Council's opinion it is important to encourage the culinary arts and related hospitality industry related businesses and organizations within a culinary arts and hospitality district within the City, thereby enhancing those business and organizations to more effectively promote their common interests. Council further believes that the location of the culinary arts and hospitality district will encourage the growth of tourism related industries, as well as complementary businesses, thus increasing the overall economic activity within the district and other neighboring areas. Therefore, in accordance with §581.-3851 of the Code of Virginia, a culinary arts and hospitality district is hereby established in the City of Williamsburg, the purpose of encouraging the location of culinary arts and hospitality businesses to locate in the City especially within the area designated as the Northeast Triangle Culinary Arts and Hospitality District as particularly described in Sec. 3.12 below.

Sec. 3.12. District Boundaries and date established.

The boundaries of the Williamsburg Arts and Culture District are as set forth on the map entitled "Northeast Triangle Culinary Arts and Hospitality District," dated September 8, 2016, as maintained in the Williamsburg Office of Economic Development, the provisions of which map are incorporated fully herein by reference. The designation of the area as tourism zone shall not in any respect override any applicable City Code regulatory requirements including, but not limited to zoning regulations, fire code, nuisance, and building and property maintenance codes.

Sec. 3.13. Definitions.

For the purposes of this chapter, and unless otherwise indicated to the contrary, the following term(s) shall have the following meaning(s):

District Administrator. The City Manager, or another employee of the City of Williamsburg as designated by the City Manager, shall serve as the district administrator for the Williamsburg Culinary Arts and Hospitality District.

Qualified Culinary Arts and Hospitality Business shall mean a new or expanded business in a category as listed below, that carries on at least one of the following business activities in the Northeast Triangle Culinary Arts and Hospitality District, has an aim of attracting customers from outside of the Greater Williamsburg region (defined as the City of Williamsburg, James City County, and the Bruton District of York County), and which has been classified by the district administrator as a Qualified Culinary Arts and Hospitality business for the purposes of this chapter:

- a. hotels/motels
- b. timeshares
- c. theatres and assembly halls
- d. museums and art galleries
- e. restaurants
- f. bake shops
- g. micro-breweries, micro-distilleries, and/or micro-cideries
- h. schools for the culinary arts
- i. retail
- j. studios or workshops for artists and artisans

In no case shall an office use such as a bank, real estate office, medical office, attorney's office or any other general office use qualify as a Qualified Culinary Arts or Hospitality Business for the purposes of this chapter. Additionally, in no case shall a restaurant or retail shop that is a franchise or chain with one or more physical locations within the Greater Williamsburg region qualify as a Qualified Culinary Arts and Hospitality Business for the purposes of this chapter.

New Business shall mean a Qualified Culinary Arts or Hospitality Business that is not currently located within the City of Williamsburg and makes a capital investment of at least \$250,000. Capital investments are amounts spent to acquire or upgrade productive fixed assets (such as buildings, machinery and equipment, vehicles) to increase the capacity or efficiency of a firm for more than one accounting period. Capital investments do not include funds spent for working capital or day-to-day operation of the business.

Expanded business shall mean a Qualified Culinary Arts or Hospitality Business that is currently located in the City of Williamsburg and makes a capital investment in the qualified culinary arts or hospitality business of at least \$50,000. Capital investments are amounts spent to acquire or upgrade productive fixed assets (such as buildings, machinery and equipment, vehicles) to increase the capacity or efficiency of a firm for more than one accounting period. Capital investments do not include funds spent for working capital or day-to-day operation of the business.

Incentives for an Expanded Business will apply only to the increased amount of BPOL and Sales Tax that the expanded business pays after it qualifies as an expanded business, but will apply to all Zoning and Building Fees for the five years after the business qualifies as an expanded business.

When applying for any benefit afforded under this chapter, the applicant shall have the burden of proving qualification as a Qualified Culinary Arts and Hospitality Business.

Sec. 3.14. Administration.

The City Manager or the district administrator if one is so designated by the City Manager, shall be responsible for administration of this chapter and shall determine the procedures for applying for and obtaining the incentives provided herein.

Sec. 3.15. Eligibility requirements.

Economic incentives and regulatory flexibility may be made available on a one-time basis to any new or expanded Qualified Culinary Arts and Hospitality Business physically located in the district that carries on at least one of the activities described in Section 3.13 above and that to the satisfaction of the district administrator, meets the following criteria:

- The business or organization must advance the City's strategic goals identified in the City's most recently adopted Economic Development Strategic Plan and its current Comprehensive Plan.
- The business or organization must submit a written application that, among other things, provides a description of the principal business activities to be carried on in the district; a description of the location of said business within the district and whether such location is owned by the applicant business or organization or leased and if leased, the name of the landlord and the length of the lease term; details regarding the structure of the business (i.e. type of entity and if other than a sole proprietorship, the names and addresses of all principals of the business); a narrative description of the current and past activities of the business or organization, and in the case of an already operating business or organization, information regarding current and past locations of the business or organization; and a five-year business plan including pro-forma.
- The business or organization must at all times comply with all applicable Federal, State and City laws and regulations.
- Seeks to attract customers from outside the Greater Williamsburg region.
- Enter into a written performance agreement in which economic incentives and regulatory flexibility may be provided for the term of the contract, subject to applicable State law. Said agreement shall provide that, in the case of multi-year incentives, the Qualified Culinary Arts and Hospitality Business shall establish its qualification for the economic incentives and regulatory flexibility on an annual basis.

Sec. 3-16. - Compliance.

Failure of a qualified arts business to pay taxes or to comply with the requirements of this chapter shall result in loss of qualification as follows:

- (1) The Qualified Culinary Arts and Hospitality business has entered into an agreement as provided in [section 3-15](#) above and fails to pay in full any tax along with any penalty and interest for late payment, imposed by the City by the end of the calendar year for which the tax was due and payable, shall lose its qualification for the year such tax was due and its entitlement to any incentives afforded under this chapter during such period. Notwithstanding the foregoing, failure to pay any tax due which results in the issuance of criminal charges to enforce the payment of said tax shall result in the loss of the incentive for the year the tax was due, and, if the delinquent tax, along with penalty and interest is not fully paid by end of the calendar year for which the tax was due, shall also result in a loss of the incentive for the remainder of the incentive term as provided in (2) below. This provision is for purposes of determining the qualification of culinary arts and hospitality district incentives only. Nothing in this section shall amend [Chapter 18](#) of the City Code or alter or otherwise amend the obligation of any person or business, including a Qualifying Culinary Arts and Hospitality Business, to pay all taxes when due and owing, or shall relieve any person or business from any other penalty of law imposed for failure to timely pay any tax due pursuant to the laws of the Commonwealth of Virginia and of the City of Williamsburg.
- (2) Except as provided in [section 3-16\(1\)](#), a Qualified Culinary Arts and Hospitality Business receiving incentives under this chapter that fails to at all times comply with all applicable Federal, State and City laws and regulations or that fails to comply with the terms of the agreement entered into as provided in [section 3-15](#) above shall in the case of a first offense lose its qualified arts business qualification for the remainder of the current fiscal year. Any second or subsequent failure to comply with applicable law or regulation, including failure to pay taxes in full as provided in [section 3-16\(1\)](#), the Qualifying Culinary Arts and Hospitality Business shall lose its qualification for the duration of the total remaining incentive term.
- (3) A Qualified Culinary Arts and Hospitality Business that loses its qualification under [section 3-16\(1\)](#) or (2), shall be liable to reimburse the City the full amount of all monies that it has received as incentives under this chapter during the calendar year of the period of non-compliance; such reimbursement to be paid to the City in full within 30 days of the loss of qualification.

Sec. 3.17. Available Incentives.

Upon approval by the district administrator and having entered into an agreement as provided in Section 3.15 above, a Qualified Culinary Arts and Hospitality Business shall be entitled to the incentives provided in Sections 3.18 through 3.22 below. If a business or organization ceases to be a Qualified Culinary Arts and Hospitality Business during a year in which rebates, payments or exemptions apply, they shall be

prorated for the months the business was a Qualified Culinary Arts and Hospitality Business. The Qualified Culinary Arts and Hospitality Business shall establish its qualification for the incentives on an annual basis.

Sec. 3.18. BPOL Tax Rebate.

A Qualified Arts Business upon entering into an agreement as provided in Section 3.15 above shall be entitled to a rebate of business, professional and occupational license taxes (“BPOL”) imposed by chapter 18, article X of the City Code over a period of five calendar years as follows:

- (c) Year one (1) is the first full calendar year in which a business operates as a Qualified Culinary Arts and Hospitality Business. However, if in its first calendar year of doing business in the district, a business operates as a qualified business for a period of less than six (6) months, such qualified business may elect to designate the following calendar year as year one (1) for purposes of obtaining the BPOL tax rebate. The rebate shall apply for a period of five (5) calendar years or until such time that the business no longer meets the definition of a Qualified Culinary Arts and Hospitality Business, whichever is the first to occur. If a business ceases to be a Qualified Culinary Arts and Hospitality Business or removes its operation from the district during a year in which the rebate applies, the business shall not be qualified or receive the rebate for that year.
- (d) A Qualified Culinary Arts and Hospitality Business must establish its qualification for the incentives on an annual basis and the percentage of rebate for each year shall be based on criteria established by the district administrator, with a maximum incentive of one hundred (100) percent rebate in year one (1); eighty (80) percent rebate in year two (2); sixty (60) percent rebate in year three (3); forty (40) percent rebate in year four (4) and twenty (20) percent rebate in year five (5).

To qualify for a business license tax rebate under this chapter, during the first twelve (12) months of operation within the arts district, a Qualified Culinary Arts and Hospitality Business must apply to the district administrator, who will determine if the business is a Qualified Arts Business. The Qualified Culinary Arts and Hospitality Business shall have the burden of demonstrating, to the satisfaction of the administrator, that it meets the definition of a Qualified Culinary Arts and Hospitality Business and that it meets all applicable criteria for a business license tax rebate. The Qualified Culinary Arts and Hospitality Business shall also file an annual business license application with the commissioner of the revenue and shall provide the director of finance with certification from the administrator that the business is a Qualified Culinary Arts and Hospitality Business. The Qualified Culinary Arts and Hospitality

Business shall also provide the director with proof that no local taxes or fees are delinquent at the time of application for the business license tax rebate.

If more than one-half ($\frac{1}{2}$) of the gross receipts of a Qualified Culinary Arts and Hospitality Business are derived from a licensable activity that qualifies the business, the business license tax assessed on all gross receipts of such licensable activity shall be subject to the graduated rebates described above. If one-half ($\frac{1}{2}$) or less of the gross receipts of a particular licensable activity of a Qualified Culinary Arts and Hospitality Business is derived from qualifying operations, the graduated rebates shall be applied only to the amount of tax attributable to the gross receipts earned from the qualifying business activity. The determinations required by this subsection shall be performed by the finance director, and the Qualified Culinary Arts and Hospitality Business must submit business and financial records sufficient for the finance director to make said determination, within a reasonable time and upon the request of the district administrator.

All business license tax rebates are subject to adjustment by the commissioner of the revenue based on actual gross receipts earned from qualifying arts business activities. Any additional business license tax assessed due to such adjustments, or due to revocation of the tax rebate, shall be subject to collection and delinquency provisions set out in chapter 18 of the City Code.

Sec. 3.19 Sales Tax Incentive.

During its first five calendar years of operation in the district, a Qualified Culinary Arts and Hospitality Businesses shall be entitled to an annual payment equal to all or a portion of the one percent of sales tax attributed to the operations of that particular Qualified Culinary Arts and Hospitality Business from its location in the district that is returned to the city by the state for up to five consecutive calendar years. Year one (1) is the first full calendar year in which a Qualified Arts Business operates in the district. However, if a business operates as a Qualified Culinary Arts and Hospitality Business for a period of less than six (6) months of the first calendar year, such qualified business may elect to designate the following calendar year as year one (1) for purposes of obtaining the sales tax payment.

To qualify for the sales tax incentive under this chapter, during the first twelve (12) months of operation within the district, a Qualified Culinary Arts and Hospitality Business must apply to the district administrator, who will determine if the business is a Qualified Culinary Arts and Hospitality Business. The Qualified Culinary Arts and Hospitality Business shall have the burden of demonstrating, to the satisfaction of the district administrator, that it meets the definition of a Qualified Culinary Arts and Hospitality Business and that it meets all applicable criteria for the sale tax incentive. Such Qualified Culinary Arts and Hospitality Business must establish its qualification for

the incentives on an annual basis and the percentage of rebate for each year shall be based on criteria established by the district administrator, with a maximum incentive the percentage of sales tax incentive received by it hereunder during each calendar year shall be as follows: one hundred (100) percent in year one (1); eighty (80) percent in year two (2); sixty (60) percent in year three (3); forty (40) percent in year four (4) and twenty (20) percent in year five (5).

Sec. 3.20 Food and Beverage Tax Incentive.

During its first five calendar years of operation in the district, a Qualified Culinary Arts and Hospitality Businesses shall be entitled to an annual payment equal to all or a portion of the food and beverage tax attributed to the operations of that particular Qualified Culinary Arts and Hospitality Business from its location in the district for up to five consecutive calendar years. Year one (1) is the first full calendar year in which a Qualified Arts Business operates in the district. However, if a business operates as a Qualified Culinary Arts and Hospitality Business for a period of less than six (6) months of the first calendar year, such qualified business may elect to designate the following calendar year as year one (1) for purposes of obtaining the sales tax payment.

To qualify for the food and beverage tax incentive under this chapter, during the first twelve (12) months of operation within the district, a Qualified Culinary Arts and Hospitality Business must apply to the district administrator, who will determine if the business is a Qualified Culinary Arts and Hospitality Business. The Qualified Culinary Arts and Hospitality Business shall have the burden of demonstrating, to the satisfaction of the district administrator, that it meets the definition of a Qualified Culinary Arts and Hospitality Business and that it meets all applicable criteria for the food and beverage tax incentive. Such Qualified Culinary Arts and Hospitality Business must establish its qualification for the incentives on an annual basis and the percentage of rebate for each year shall be based on criteria established by the district administrator, with a maximum incentive the percentage of sales tax incentive received by it hereunder during each calendar year shall be as follows: one hundred (100) percent in year one (1); eighty (80) percent in year two (2); sixty (60) percent in year three (3); forty (40) percent in year four (4) and twenty (20) percent in year five (5).

Sec. 3.21 Transient Lodging Tax Incentive

During its first five calendar years of operation in the district, a Qualified Culinary Arts and Hospitality Business shall be entitled to an annual payment equal to all or a portion of the transient lodging tax attributed to the operations of that particular Qualified Culinary Arts and Hospitality Business from its location in the district for up to five

consecutive calendar years. Year one (1) is the first full calendar year in which a Qualified Arts Business operates in the district. However, if a business operates as a Qualified Culinary Arts and Hospitality Business for a period of less than six (6) months of the first calendar year, such qualified business may elect to designate the following calendar year as year one (1) for purposes of obtaining the sales tax payment.

To qualify for the transient lodging tax incentive under this chapter, during the first twelve (12) months of operation within the district, a Qualified Culinary Arts and Hospitality Business must apply to the district administrator, who will determine if the business is a Qualified Culinary Arts and Hospitality Business. The Qualified Culinary Arts and Hospitality Business shall have the burden of demonstrating, to the satisfaction of the district administrator, that it meets the definition of a Qualified Culinary Arts and Hospitality Business and that it meets all applicable criteria for the transient lodging tax incentive. Such Qualified Culinary Arts and Hospitality Business must establish its qualification for the incentives on an annual basis and the percentage of rebate for each year shall be based on criteria established by the district administrator, with a maximum incentive the percentage of sales tax incentive received by it hereunder during each calendar year shall be as follows: one hundred (100) percent in year one (1); eighty (80) percent in year two (2); sixty (60) percent in year three (3); forty (40) percent in year four (4) and twenty (20) percent in year five (5).

The transient lodging tax incentive applies only to those transient occupancy taxes collected pursuant to Sec. 18-237(a) and does not apply to those taxes collected pursuant to Sec. 18-237(b).

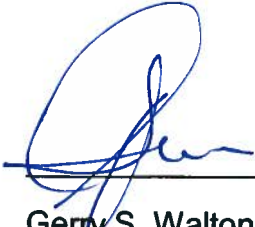
Sec. 3.22 Zoning and Building Fee Exemption

For a period of sixty (60) months from qualifying as a Qualified Culinary Arts and Hospitality Business entering into the agreement required by Section 3.15 above and for so long as such qualification continues during such period, such business or organization shall be exempt from fees that would otherwise be imposed on such Qualified Culinary Arts and Hospitality Business under Chapters 5 (buildings and building regulations) and 21 (zoning) of the Williamsburg Code arising out of the establishment or expansion of its business facility within the district. The exemption only applies to the owners of the Qualifying Culinary Arts and Hospitality Business and not to the fee simple or any other beneficial owner of the real property at which the business is located if the property is leased from a third party who is not the owner or a principal of the Qualified Culinary Arts and Hospitality Business. To qualify for a fee exemption under this chapter, a Qualified Culinary Arts and Hospitality Business must apply to the district administrator, who will determine if the business is a Qualified Culinary Arts and Hospitality Business. The Qualified Culinary Arts and Hospitality Business shall have the burden of demonstrating, to the satisfaction of the district

administrator, that it meets the definition of a Qualified Culinary Arts and Hospitality Business and that it meets all applicable criteria for the fee exemption.

Except as here provided, the City Code shall remain unchanged.

Adopted: October 13, 2016



Gerry S. Walton, City Council Clerk



Paul T. Freiling, Mayor

(I-64)

York Yc

Colonial Pkwy

Rt 143

Merrimac Trl

Merrimac Trl

Merrimac Trl

Capitol Landing Rd
Merrimac Trl

Second St

Page St

Capitol Landing Rd
Bypass Rd

Col Natl Hist Pkwy

Bypass Rd

Colonial
Williamsburg

CW
Visitor
Center

Center Dr
Lafayette St

Lafayette St

Bypass Rd

Rt 132

