

# City of Newport News

## Tourism Development Plan & Tourism Zones



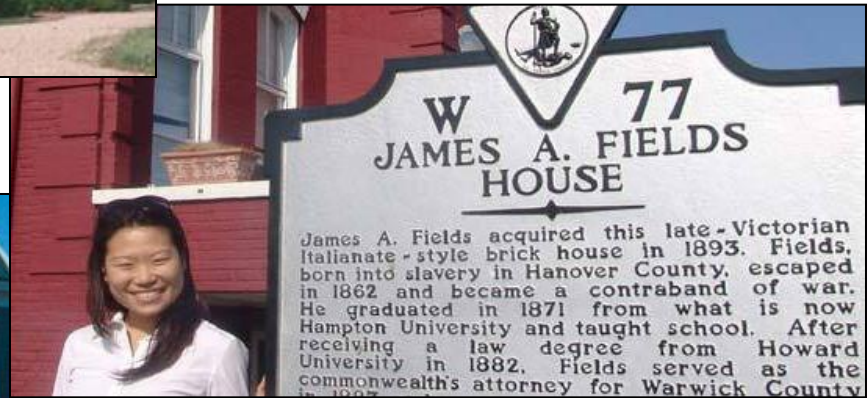
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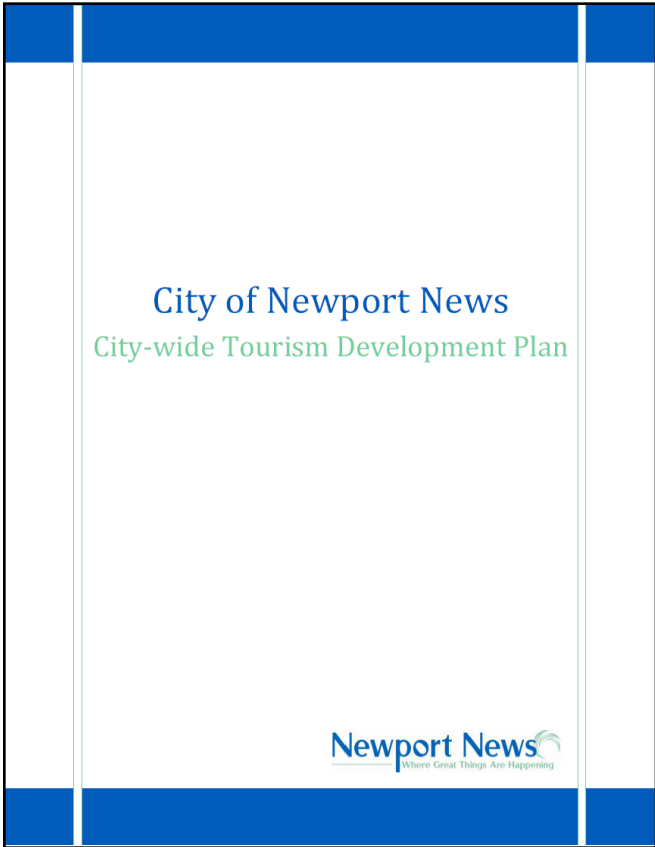


# 2006 Legislation

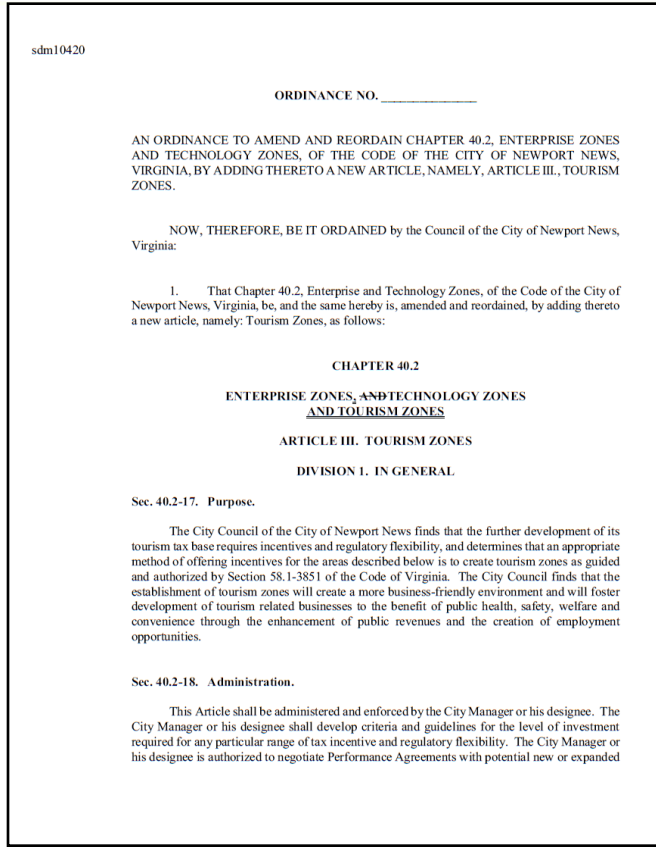
## § 58.1-3851. Creation of local tourism zones.

- Enables localities to establish Tourism Zones
  - Within Tourism Zones, localities may:
    - grant *local* tax incentives and
    - provide certain regulatory flexibility.





Adoption of  
City-wide Tourism Development Plan  
By Resolution



Amendment to  
Chapter 40.2  
of the Code of Ordinances





# 2006 Legislation

## § 58.1-3851. Creation of local tourism zones.

### In Newport News:

- Both *existing* and *new* tourism-related businesses are eligible to participate in program.
- Only a portion of NEW local tax revenues generated by a tourism-related business can be reimbursed.
- Qualifying thresholds in the more economically-challenged zones are set lower than those of more affluent zones.
- Qualifying thresholds for *existing* Newport News businesses are *lower* than for *new* businesses.

# Local Tourism Zones Incentive Program

## Eligibility Criteria

City of Newport News Upper Warwick Boulevard / Denbigh, Southeast Community, and Greater Hilton Tourism Zones Incentive Guidelines																																																																	
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### Tourism Zones Ordinance Establishes:

- Minimum Capital Investment and/or
- Job Creation

### Additional Staff-Developed Criteria and Guidelines:

- Local Tax Generation
- Contribution to Strategic Priorities
- Environmental Innovation
- Public Art Contribution
- SWaM Certification



# Tourism Zones Ordinance

## Eligibility Requirements

### Minimum Eligibility Requirements in Ordinance

Tourism Zone		Capital Investment	Job Creation
Upper Warwick Boulevard / Denbigh Southeast Community Greater Hilton	Existing	\$ 125,000	2 FTE
	New	\$ 250,000	4 FTE
Patrick Henry	Existing	\$ 250,000	4 FTE
	New	\$ 500,000	8 FTE

# 2006 Legislation

## § 58.1-3851. Creation of local tourism zones.

### In Newport News:

- Reimbursement of tax revenues would only occur after verification of payment of all tax and fee obligations due to the City.
- Types of taxes being considered are Gross Receipts Taxes.



Existing Tax Base



New Taxes Generated from  
Expansion of Existing Business or  
Attraction of New Business



Existing Tax Base



New Taxes Generated from  
Expansion of Existing Business or  
Attraction of New Business



# 2011 Legislation

§ 58.1-3851.1. Entitlement to tax revenues from tourism project.

Expands and Enhances the 2006 Legislation

Intended for “Gap Financing”

Gap Financing = Shortfall in Project Funding

# 2011 Legislation

§ 58.1-3851.1. Entitlement to tax revenues from tourism project.

## Legislation Requirements:

- Establishment of Tourism Zone(s)
- Adoption of *specific* Tourism Plan for *particular* Tourism Project that fills an identified deficiency in the market
- Approval of the *specific* Tourism Plan by the Virginia Tourism Corporation
- Approval of the *specific* Tourism Project by the State Comptroller

# 2011 Legislation

§ 58.1-3851.1. Entitlement to tax revenues from tourism project.

## State Sales Tax Entitlement

1% of State Sales Tax

1% of Local Sales Tax

1% Match from Developer

1% - 1% - 1% Must Be Used To Pay Down Project Debt

# Sales Tax in Virginia

If 5% Sales Tax =



Then State retains 3.5%



and the City receives 1.5%



# Under 2011 Legislation

State  
Sales Tax



City



Project  
Developer



Each Contribute an Equivalent of 1% of Sales Tax  
Toward Debt Service of the 20% Gap Financing

# Under 2011 Legislation

State  
Sales Tax



City



Project  
Developer



Debt Service of the 20% Gap Financing







# City Center at Oyster Point

## Entertainment District

# City Center at Oyster Point

## Overview of Construction and Leasing

# CCOP OFFICE



To Date:

Over 550,000 Square Feet of  
Class A Office Space  
in 9 Buildings

Approximately 95% Leased

# CCOP RESIDENTIAL



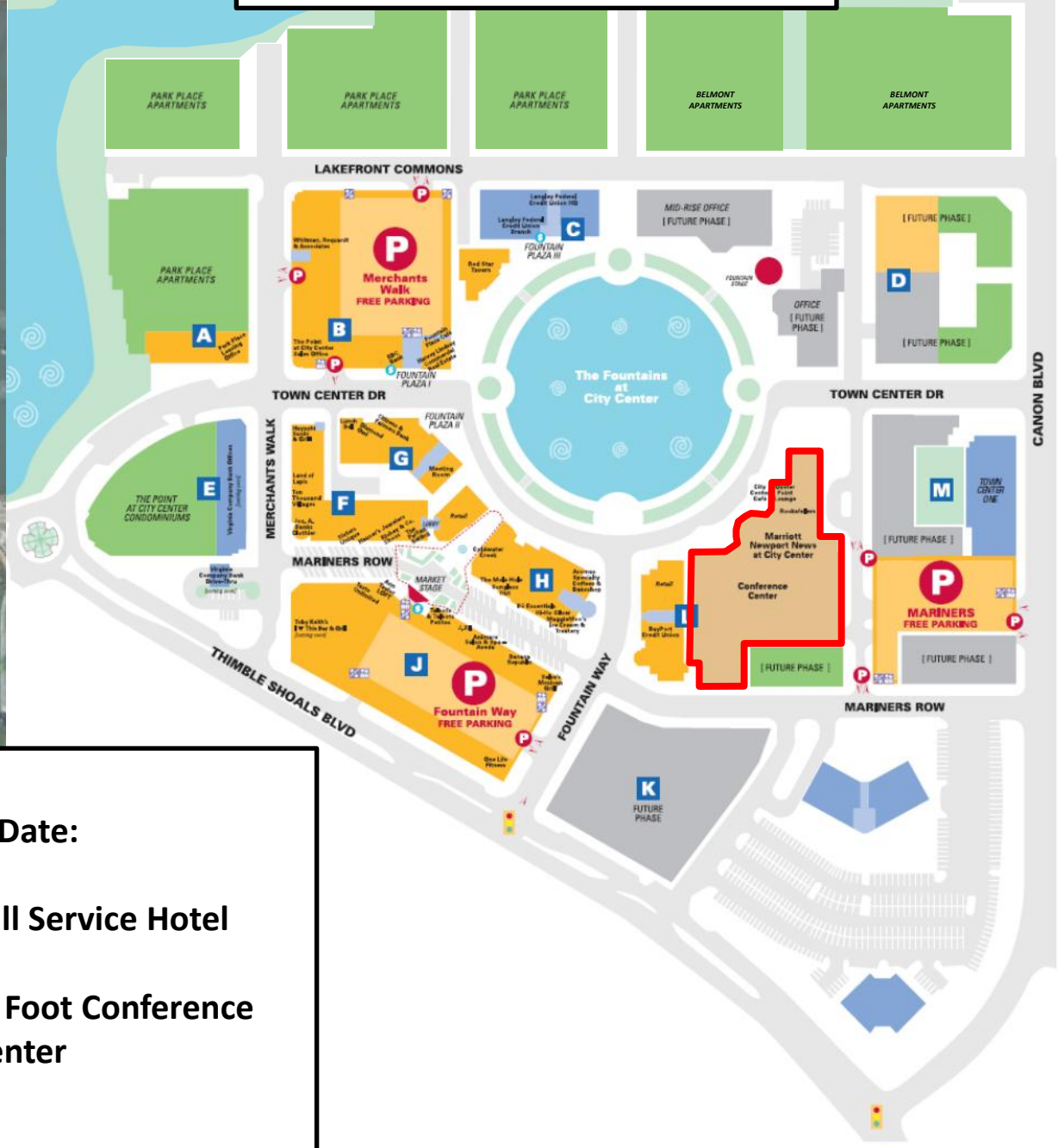
## To Date:

365 Apartment Units: 95% Leased

54 Condominium Units: 98% Sold (1 units remain)

234 Apartment Units under Construction

# CCOP HOSPITALITY



To Date:

256 Room Full Service Hotel

55,000 Square Foot Conference Center

# CCOP RETAIL



## To Date:

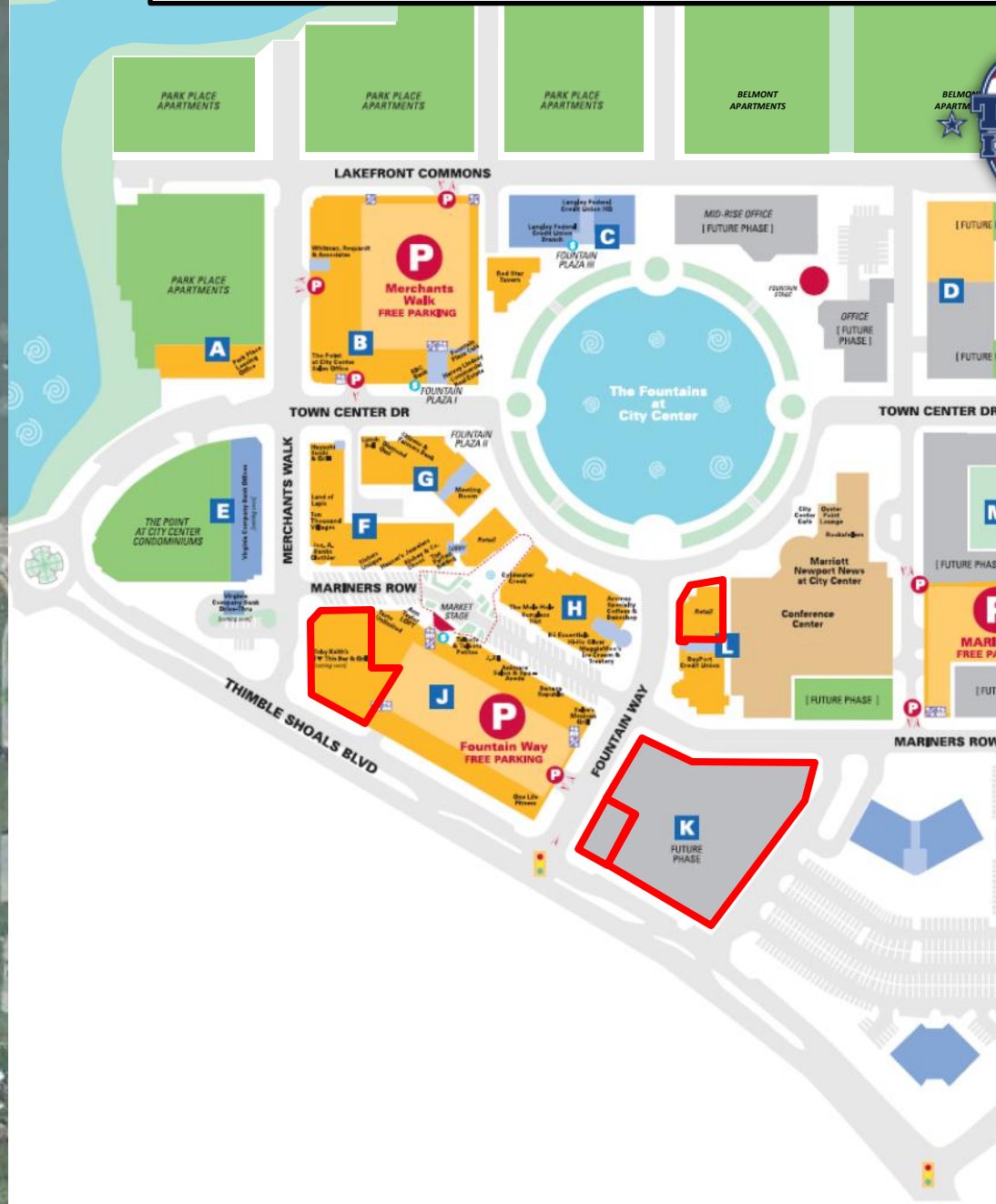
Restaurants: 40,000 Sq. Ft.

Retail Shops: 50,000 Sq. Ft.

Services: 45,000 Sq. Ft.

Approximately 85% Leased

# CCOP ENTERTAINMENT DISTRICT



# CCOP – Entertainment District

- Total Capital Investment:  
\$25,000,000
- LEED Certified Movie  
Theater
- Equipment and  
Furnishings Costs:  
\$6,150,000





# CCOP – Entertainment District

- Job Creation:  
525 New Jobs
- Equates to  
Approximately  
300 Full-Time  
Equivalent (FTE)



# CCOP – Entertainment District



- Projected Annual Sales: \$25,500,000



# CCOP – Entertainment District

Tax Category	Project Details	Tax Rate	Taxes Generated
<b>Real Estate</b>	\$15,674,000 Construction Hard Costs	$\times 0.85 \times \$1.10 / \$100$ (85%= hard costs)	\$146,552
<b>Business Personal Property</b>	\$6,151,059 FF&E Costs	$/3 \times \$4.25 / \$100$ (assessment is one-third of the total original cost)	\$87,140
<b>Food &amp; Beverage</b>	\$21,654,505 Total F&B Sales	$\times 6.5\%$	\$1,407,543
<b>Admissions</b>	\$4,037,500 Total Admission Sales	$\times 7.5\%$	\$302,813
<b>Local Sales (1%)</b>	\$21,654,505 Total Taxable Sales	$\times 1.0\%$	\$216,545
<b>BPOL</b>	\$25,692,005 Total Sales	$\times \$0.20 / \$100$	\$51,384
		<b>TOTAL</b>	<b>\$2,211,976</b>

# Tourism Zone Programs



# Newport News

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