



MOTION: KELLY

October 13, 2020
Regular Meeting
Ordinance No. 20-21

SECOND: DEVINE

RE: Expanding the Arts & Cultural District, and Extending Tax Incentives, up to \$250 Per Year, to Ten Years for All Qualifying Businesses in the District

ACTION: APPROVED: Ayes: 7; Nays: 0

FIRST READ: September 22, 2020

SECOND READ: October 13, 2020

It is hereby ordained by the Fredericksburg City Council that Chapter 22 of the City Code, Article VII, "Arts and Cultural District," is amended as follows:

Sec. I. Introduction.

Fredericksburg City Council established the Arts and Cultural District by adoption of Ordinance 10-35 on December 14, 2010, as authorized by Virginia Code §15.2-943.1. The purpose of the district is to attract new arts and cultural venues, support existing arts and cultural venues, and to encourage the expansion of existing venues in the downtown area. These new, existing, and expanded venues will increase the City's reputation and market presence as a regional destination for arts and cultural activities, as well as the opportunities and benefits to City residents of arts and cultural offerings.

Under Virginia Code §15.2-943.1, the maximum period for which tax incentives may be offered to any qualifying business in an arts and cultural district is ten years. An amendment to the City Code in 2016 (the adoption of Ordinance 15-32 on January 12, 2016) removed this ten-year cap as an express provision of the local ordinance, but the Fredericksburg district is governed by the limit imposed by state law. Therefore, one purpose of this ordinance is to reinstate the express ten-year cap on tax incentives in the district.

City Council has further determined that the district should be expanded to encompass areas in close proximity to downtown where arts and cultural venues have located, or are encouraged to locate. Finally, City Council has determined that all qualifying businesses should be eligible for the ten-year maximum incentive period, and that the distinctions between, "new," "existing," and "expanded," arts and cultural businesses should be abolished.

Sec. II. City Code Amendment.

1. Section 22-700, "Arts and cultural district established; purpose," is amended as follows:

Sec. 22-700. Arts and cultural district established; purpose.

A. There is hereby established the Fredericksburg Arts and Cultural District, consisting of all the area within the following boundaries:

1. Beginning at the corner of Sophia Street and Lewis Street, west along Lewis Street to Charles Street; then following Charles Street to Amelia Street, following Amelia Street to

Washington Avenue, along Washington Avenue to William Street; along William Street to Littlepage Street, along Littlepage to the center of the block, and then to Kenmore Avenue; following Kenmore Avenue to Charlotte Street, and then along Charlotte Street across Jackson Street to the center of the block, then over to Wolfe Street, up to Willis Street, along Willis across Lafayette Boulevard to the center of the next block and then through the center of the block to Prince Edward Street; along Prince Edward across Frederick Street to the center of the block, then to Princess Anne Street, to Frederick Street to the Rappahannock River and back to the point of the beginning, as shown on the map entitled "City of Fredericksburg, VA Proposed Arts & Cultural District," dated December 7, 2010.

2. *The District is expanded to roughly the northeast quadrant of the City – an area bordered by State Route 3, U.S. 1 and the Rappahannock River. It also includes a small section west of U.S. 1 to include the entire Area 6 Planning Area, as shown on the map entitled "City of Fredericksburg, Proposed Arts & Cultural District," dated March 23, 2020.*

B. The purpose of this district is to attract new arts and cultural venues, support existing arts and cultural venues, and to encourage the expansion of existing venues in the downtown area. These new, existing, and expanded venues will increase the City's reputation and market presence as a regional destination for arts and cultural activities, as well as the opportunities and benefits to City residents of arts and cultural offerings.

2. Section 22-701, "Definitions," is amended as follows:

Sec. 22-701. Definitions.

EXISTING BUSINESS

~~An arts and cultural business which is physically located within the district as of December 31, 2010, or a "new business" or "expanded business" which is no longer eligible for the license tax afforded to that category of business.~~

EXPANDED BUSINESS

~~An existing arts and cultural business which expands physically into new space within the district, to add at least 30% in gross square feet (enclosed or outdoors).~~

NEW BUSINESS

~~A new business physically located or locating in the district on or after January 1, 2011, which was not actively engaged in the conduct of trade or business in the district prior to the submission of a completed program qualification application. The new business shall generate a new use of the land or building, and not the continuation of an existing use. An existing business shall not qualify for incentives by reorganizing or changing its form in a manner that does not alter the basis of the business assets or result in a taxable event.~~

[The other definitions are not amended.]

3. Section 22-702, "License tax reduction," is amended as follows:

Sec. 22-702. License tax reduction.

- A. ~~An new~~ arts and cultural business is afforded a license tax reduction ~~of 100% up to \$250 a year~~ for ~~five ten~~ calendar years for the gross receipts attributable to the ~~new~~ district location, so long as it continues to operate at its ~~new~~ location as an arts and cultural business and remains current in its tax and other financial obligations to the City.
 - B. ~~An expanded arts and cultural business located within the district is afforded a license tax reduction of 100% of liability attributable to new gross receipts for five years, so long as it continues to operate in its expanded location as an arts and cultural business, and remains current in its tax and other financial obligations to the City.~~
 - C. ~~An existing arts and cultural business located in the district is afforded a license tax reduction in the amount of up to \$250 per year so long as it continues to operate as an arts and cultural business within the district and remains current in its tax and other financial obligations to the City.~~
 - D. Any business located within the district, which is not an arts and cultural business, but which hosts year-round, rotating art exhibits open to the public in the public spaces of the business is afforded a license tax reduction of up to \$250 per year for each year in which the business qualifies. The display space shall be a minimum of 120 square feet of wall or floor space in order to qualify for incentives in the arts and cultural district.
 - E. Any business claiming a license tax reduction ~~as an arts and cultural business~~ shall nonetheless file a complete license tax application with the commissioner of revenue *no later than March 1 and submit payment no later than March 15* as required by City Code § 70-305 and City Code § 70-306 .
 - F. No business shall be eligible for a license tax reduction if there is an outstanding building or zoning code violation against such business which is not remedied or resolved by the date specified in the notice of violation. No business shall be eligible for a license tax reduction unless it is current in its local tax obligations ~~on December 31, 2010 and continuously thereafter.~~
4. Section 22-704, "Administration," is amended as follows:

Sec. 22-704. Administration.

- A. The City Manager may administer applications through the Department of Economic Development and Tourism. Review of applications for continued eligibility shall be administered by the commissioner of revenue. In determining eligibility for the incentives contained herein, the City Manager shall be guided by the purpose of this article. Tax exemptions shall be subject to the rule of strict construction.

- B. ~~Any new or existing arts and cultural~~ business seeking to obtain the incentives of the district ~~for the first time~~ will meet with the Economic Development and Tourism staff and submit a completed program qualification application *no later than February 15*. The Economic Development and Tourism Department shall perform an initial review of the business or project to determine if it qualifies for incentives and then forward the application and recommendation to the City Manager. The City Manager, acting as the agent of the City Council, shall review the application and recommendation and make a final determination as to whether the business or project is qualified for the incentives herein.
- C. After ~~a an arts and cultural~~ business has been determined to be eligible by the City Manager, it must submit a review application to the ~~commissioner of revenue~~ *Economic Development and Tourism staff* annually on or before ~~March 1st~~ *February 15* of each year of the incentive period, demonstrating its continued eligibility for the license tax reduction. Any business claiming a license tax reduction as an arts and cultural business shall nonetheless file a complete license tax application with the commissioner of revenue *no later than March 1 and submit payment no later than March 15* as required by City Code § 70-305 and City Code § 70-306 .
- D. The original application and each review application shall be signed by an official officer, member, agent or representative of the business authorized to sign on its behalf.
- E. If the City Manager denies an application, he shall do so in writing stating the reasons therefor, and affording the applicant an opportunity to respond in writing or in person.

SEC. III. Effective Date.

This ordinance is effective immediately.

Votes:

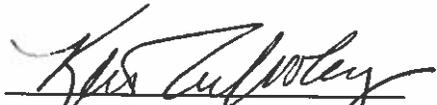
Ayes: Greenlaw, Frye, Devine, Duffy, Graham, Kelly, Withers

Nays: None

Absent from Vote: None

Absent from Meeting: None

Approved as to form:


Kathleen Dooley, City Attorney

Clerk's Certificate

I, the undersigned, certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Ordinance No. 20-21 duly adopted at a meeting of the City Council meeting held October 13, 2020 at which a quorum was present and voted.



*Tonya B. Hacey, MMC
Clerk of Council*