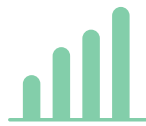


INVEST NEWPORT NEWS ENTERPRISE Zones!



OVERVIEW & INCENTIVES

The Virginia Enterprise Zone (VEZ) Program is a state and local partnership and one of the most effective methods of using incentives to stimulate economic development through job creation and private investment. Newport News boasts two of these highly-coveted zones, VEZ #3 and #31.

- **VEZ #3 Newport News South** was designated in 2004, modified in 2016, and includes areas such as Oyster Point, Tech Center, Copeland Industrial Park, Downtown, Port Warwick, Hilton Village, Southeast Community, Seafood Industrial Park and City Center.
- **VEZ #31 Newport News North** was designated in 2015 and includes areas such as Carleton Advanced Manufacturing Site, Peninsula Industrial Park, Patrick Henry Corridor, AirCommerce Park, Patrick Henry CommerCenter, Endview, Oakland Industrial Park and the Denbigh-Warwick area.
- While both zones offer identical state incentives, each zone's local incentives are tailored to its specific land use and development strategy.

State Resources

RPIG Qualifying Investments
See Page 10: tiny.cc/rpig-instruction

RPIG Manual, Requirements & Instructions
Download: tiny.cc/rpig-instruction

JCG Manual
Visit: tiny.cc/jcg-manual

State Incentives

The Virginia Department of Housing & Community Development manages the VEZ program and works closely with each Local Zone Administrator to ensure qualified employers and investors take full advantage of the two state incentives.

- Applications for state incentives are due on April 1st.
- Local Zone Administrators must sign each application to verify the business and/or property is in a VEZ.

Real Property Investment Grant (RPIG): an incentive for new construction or rehabilitation of commercial, industrial and/or mixed-use buildings.

- The RPIG is a cash grant equal to 20% of the amount of qualified investments in excess of the minimum threshold.
- Maximum benefit* within any five-year period is \$200,000 for projects of \$5+ million or more, and \$100,000 for projects less than \$5 million.
- To be eligible, an individual or entity must invest at least \$500,000 for new construction, and \$100,000 for rehabilitation projects.
- Grants are payable to the owner and/or tenant making the qualified investment.
- To be eligible, mixed-use buildings must have at least 30% of floor area dedicated to commercial, industrial or office use.
- Purchase of land, existing improvements and soft costs are not qualifying investments.
- The application deadline is April 1st of the calendar year immediately following the year the Certificate of Occupancy (CO) is issued. For example, if the CO is issued during calendar year 2020, the application deadline is April 1, 2021.

*Grants may be prorated if requests exceed available state funding. In recent years, the proration has averaged 75%.

Job Creation Grant (JCG): an incentive for new and expanding businesses creating permanent full-time jobs.

- The JCG is an annual cash grant for five years for new positions offering health benefits. It is equal to \$800 per year for new positions earning at least 175% of the state minimum wage*, and \$500 per year for new positions earning 150-174% of the state minimum wage*.
- SWaM-certified businesses have a reduced wage threshold of 125% of the minimum state wage, to be eligible for the \$500 grant.*
- Firms may qualify for additional five-year periods with further job creation.
- The first four positions created are not eligible for grants and the maximum number of positions eligible is 350 positions per year.
- Personal service, retail and food & beverage positions are not eligible.

*For Grant Year 2024, wages are based on Virginia's state minimum wage as of December 2023 or \$12/hour. To be eligible, net new positions must pay at least \$21/hour for the \$800 grant and at least \$18 for the \$500 grant. For SWaM certified businesses to receive the \$500 grant, those companies must pay at least \$15/hour.

Enterprise Zone Questions? We Have Your Answers.



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INVEST NEWPORT NEWS ENTERPRISE Zones

Local Resources

Local Incentive Certification Form
Visit: tiny.cc/ez-certification

Local Incentive Recertification Form
Visit: tiny.cc/ez-recertification

Additional Local Resources

Commercial Rehabilitation Property Tax
Exemption, Visit: tiny.cc/crpte-tax

Façade Improvement Grant
Visit: tiny.cc/fiq-program



Local Incentives

Newport News supports businesses that create jobs and make private taxable investments in its VEZs through a series of local incentives.

Expansion/Relocation Cost Reduction Incentive (ERCR): an incentive for new and expanding businesses.

- The ERCR Incentive is a cash grant equal to 50% of the net new local taxes generated over six (6) years from land, real property improvements, machinery & tools and/or business personal property. The ERCR is paid through a series of semi-annual grants from the Economic Development Authority (EDA) over the six years.
- To be eligible, businesses must create a minimum of 25 new full-time jobs paying an average of \$10/hour*, and Invest at least \$2.5 million in newly taxable land, real property improvements, machinery & tools and/or business personal property. The purchase of currently taxed land and improvements is not applicable.
- Recipients are required to sign an ERCR Enterprise Zone Incentive Agreement.
- ERCR recipients are not eligible for other local VEZ incentives.

*In VEZ #3-A, jobs must pay an average of \$38,000/year.

Partial Rebate of Business, Professional & Occupational License (BPOL) Taxes and Partial Refund of Local Utility (Gas & Electric) Taxes: incentives for new and expanding businesses.

- The incentive is a partial rebate of BPOL Taxes and Local Utility Taxes as follows:
 - 10 years for businesses in VEZs #3 and #31 at 100% in year 1, 80% in year 2, and 60% in years 3-10.
 - 5 years for businesses in VEZ #3-A at 80% in year 1, 60% in year 2, and 40% in years 3-5.
- To be eligible, businesses must meet certain minimum eligibility requirements.

Minimum Eligibility Requirements

| VEZ # | New Businesses | | Expanding Businesses | |
|-------|---|----------|---|---|
| | Taxable Investment | New Jobs | Taxable Investment | New Jobs |
| #3 | \$50,000 | 2 | \$50,000 | 10% increase (2 min) |
| #3-A | \$200,000 | 15* | \$200,000 | 10% increase (15 min)* |
| #31 | \$75,000 (BPOL) \$50,000 (Local Utility) | 5 | \$75,000 (BPOL) \$50,000 (Local Utility) | 10% increase (5 min BPOL, 3 min Local Utility) |

*To qualify, the positions must earn \$38,000/year.

- Maximum amount of BPOL tax rebate in any one year is \$10,000.
- Recipients must apply within 18 months of qualifying.
- Recipient must be current on all City taxes and fees.
- If determined eligible, recipients must recertify annually to continue receiving refunds.

Waiver of Building Permit & Development Fees: an incentive for redevelopment.

- The incentive is a waiver of the City's site plan fees, land disturbance permit fees, building permit fees and sewer connection fees.
- To be eligible, the property owner must make real estate improvements, including demolition, through the removal or replacement of one of the following with a higher and better commercial or industrial use*:
 - Mobile home parks; business dealing in: used auto parts, scrap metal or abandoned tires; used auto dealers; pawn shops and cash advance, car title loan, check-cashing and other similar non-bank alternative financing establishments.

*Determination at the discretion of the City Manager or her/his designee.

Additional Local Incentives

Newport News offers Citywide incentives with either reduced qualifying thresholds or added benefits for businesses and/or properties in a VEZ.

Commercial Rehabilitation Property Tax Abatement (CRPTA): a local incentive for the rehabilitation of commercial and industrial buildings in the City.

- For properties in a VEZ, the building age requirement is reduced from 20 to 15 years.

Façade Improvement Grant (FIG): a local incentive to encourage property owners to restore, sustain and improve the exterior of commercial properties in the City.

- For properties in VEZ #3 and #31, the grant is 75% of eligible costs, a 1:3 match, up to \$20,000.
- For properties in VEZ #3-A, the grant is 50% of eligible costs, a 1:2 match, up to \$20,000.

ENTERPRISE ZONE QUESTIONS? WE HAVE YOUR ANSWERS.

Find Out More at InvestNewportNewsEnterpriseZone.com