

ORDINANCE AMENDING AND RE-ENACTING SECTION
CHAPTER 5.
OF THE CODE OF ORDINANCES
CITY OF HARRISONBURG, VIRGINIA

Be it ordained by the Council of the City of Harrisonburg, Virginia:

That Chapter 5. Arts and Cultural District shall be amended as shown:

ARTICLE A. - GENERAL PROVISIONS

Sec. 9-5-3. - 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 shall mean 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.

Expanded business shall mean a qualified arts organization that is currently located in the City of Harrisonburg and does one (1) of the following: (i) Makes a capital investment in the qualified arts organization of at least ten thousand dollars (\$10,000.00). 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 (1) accounting period. Capital investments do not include funds spent for working capital or day-to-day operation of the business; or (ii) creates at least one (1) new full-time job at the qualified arts organization.

Incentives for an expanded business will apply only to the increased amount of business, professional and occupational license taxes ("BPOL") and increased admission taxes that the expanded business pays after it 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 organization. The application for a new business or an expanded business must be filed within six (6) months from its startup or its expansion.

New business shall mean a qualified arts organization that is not currently located within the City of Harrisonburg.

Qualified arts organization shall mean a new business or expanded business, as defined below or not-for-profit organization that carries on at least one (1) of the following business activities in the arts district and has been classified by the administrator as a qualified organization for the purposes of this chapter:

- (1) 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 (1) 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, shall also qualify as arts and culture organizations.
- (2) 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 organization for the purposes of this chapter. In no case shall a restaurant qualify as a qualified arts organization for the purposes of this chapter. Additionally, in no case shall a retail shop that is a franchise or chain with three (3) or more physical locations qualify as a qualified arts organization for the purposes of this chapter.

Sec. 9-5-4. - Boundaries.

The arts and cultural district shall be located in the central portion of the city, defined by the following borders. Beginning at the intersection of Washington and Main Streets, the boundary line follows Washington Street northwest to Liberty Street, then follows Liberty Street south to Johnson Street, then follows Johnson Street east to the railroad tracks, then follows the railroad tracks southwest to Rock Street; west along Rock Street to High Street; south along High Street to West Market Street, west on Market Street to Dogwood Street; southwest on High Street from West Market Street intersection to Grace Street; east along Grace Street to the railroad tracks; follows the railroad tracks southeast through the James Madison University campus to Martin Luther King Jr Way; west along Martin Luther King Jr Way to Mason Street; north along Mason Street to Newman Avenue; east along Newman Avenue to Ott Street; north along Ott Street to Market Street; west along Market Street to Broad Street; north along Broad Street to Elizabeth Street; west along Elizabeth Street to Community Street; north along Community Street to Johnson Street; east along Johnson Street to Broad Street; ; south along Broad Street to Kelley Street; east along Kelley Street to Simms Ave; north along Simms Avenue to Washington Street; northwest along Washington Street to the intersection with Main Street.. All parcels located within the boundaries described above are included in the Harrisonburg Arts and Cultural District. Properties fronting either side of these border streets and the railroad tracks shall be included within the district. Boundary adjustments must be approved by City Council.

ARTICLE B. - TAX EXEMPTIONS

Sec. 9-5-10. - Taxes eligible for exemption.

- (a) *Business, professional and occupational license ("BPOL") taxes and fees.* Qualified arts organizations shall be exempted from the payment of the BPOL taxes and fees imposed by chapter 1 of title 12 of the Harrisonburg City Code for the first three (3) full years following the actual occupation and/or certification of the qualified arts organization with the arts and cultural district.
- (b) *Admission taxes.* All businesses physically situated within the district and with current business licenses issued by the City of Harrisonburg shall be exempt from the fees for admission taxes imposed by chapter 2 of title 4 of the Harrisonburg City Code.

Upon certification by the administrator and proof that no taxes are outstanding at the time of the application, the qualified arts organization shall be entitled to the exemptions created by this section. Failure of the qualified arts organization to pay taxes when due or to comply with the requirements of this chapter shall result in the loss of the qualification under this chapter and the loss of the above tax exemptions.

The remainder of Chapter 5. Article A and Article B is reaffirmed and reenacted in its entirety, except as hereby modified.

This ordinance shall be effective the _____ day of _____, 2016. Adopted and approved this ____ day of _____, 2016.

MAYOR

ATTESTE:

CITY CLERK