

**ORDINANCE AMENDING AND RE-ENACTING SECTIONS 9-5-3 AND 9-5-10
OF THE
HARRISONBURG CITY CODE
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HARRISONBURG,
VIRGINIA:**

That Sections 9-5-3 and 9-5-10 be amended and re-enacted as follows:

Section 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 of the following: (i) Makes a capital investment in the qualified arts organization of at least \$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 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 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 of the following business activities in the arts district and has been classified by the administrator as a qualified arts

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 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. 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 organization for the purposes of this chapter.

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

(1) 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.

(2) Admission taxes.

Qualified arts organizations shall be exempt from the fees for admission taxes imposed by Chapter 2 of Title 4 of the Harrisonburg City Code for the first five (5) full years following the actual occupation and/or certification of the qualified arts organization within the arts and cultural district.

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.

This ordinance shall be effective from the date of its passage.

ADOPTED AND APPROVED this 13th day of March, 2012.


MAYOR

ATTEST:


CLERK OF THE COUNCIL