



VIRGINIA TOURISM AUTHORITY
D/B/A Virginia Tourism Corporation

VIRGINIA TOURISM GROWTH FUND GUIDELINES

JULY 1, 2016

Virginia Tourism Growth Fund Guidelines

Purpose

The Virginia Tourism Growth Fund (VTGF) is established to stimulate Virginia tourism companies in partnership with Virginia localities to invest in tourism assets by adding foundational or new tourism assets and new jobs in Virginia communities. The VTGF is a discretionary program in which grants are negotiated and offered to qualified applicants as a tourism development incentive.

Guiding Principles

Grants are made at the discretion of the Virginia Tourism Corporation (VTC). New full-time jobs must be created by the capital investment associated with the Eligible Project. Financial participation of the host locality is required in the form of a financial commitment equal to or greater than the VTGF grant award.

The VTGF is intended for new projects; however, existing projects in progress with extenuating circumstances may be evaluated for funding consideration at the sole discretion of VTC. Grant amounts are based upon Return on Investment (ROI) review, project impact, number and impact of new jobs, project timing, project investment, community need and commitment, and funds availability. Multiple VTGF grants will not be allowed for the same project. VTGF grants are for tourism venues exclusively and will not be used for operating costs, leases, or other associated non-capital investment.

Definitions

“Capital investment” includes the material, labor, and equipment costs to construct an Eligible Project. The total costs can include the design and engineering costs necessary for the project. However, design and engineering work alone is not considered to be an Eligible Project for VTGF.

“Company” means the legal applicant for the VTGF, authorized to enter into a Performance Agreement with VTC. The legal entity can be a corporation, S-corp, LLC, partnership or sole proprietorship that has legal standing as a business in the Commonwealth of Virginia.

“Eligible Project” means new or expanded venues for lodging, recreation, entertainment, epicurean, culture and/or destination retail that fills a deficiency or void in the community, or represents foundational infrastructure for future tourism development in the Virginia community.

“Local match” means cash or equivalent necessary to meet the one-to-one matching requirement for a VTGF grant. VTC will give broad latitude to eligible local matches including cash grants, cash derived from anticipated local tax revenues or other such sources, publicly owned assets such as land and/or buildings that have demonstrable value equal to or greater than the stated value proffered for the match, a waiver of fees or reduction of rates that are either available to companies within a Tourism Zone or are otherwise not by-right for all businesses within the locality, and the provision of public utilities to serve the project. VTC will consider in-kind matches of services, but these services must have economic value to the applicant and cannot be more than 25 percent of the local match. VTC will not consider federal funds as a local match for a VTGF grant.

“Locality, host locality and community” means a town, city or county as legally defined by the Commonwealth of Virginia that is the co-applicant for the VTGF, and within whose boundaries the Eligible Project will make the capital investment and create new jobs.

“New job” means new permanent full-time employment of an indefinite duration at the applicant’s facility in the locality for which the applicant pays an annual or hourly wage. Each new job must require a minimum of either 35 hours per week for 48 weeks of the year, or 1680 hours per year.

“Performance Agreement” means a memorandum of understanding, contract, or other performance document between the Commonwealth, the locality and the applicant delineating the scope of the project and the performance expected from both the VTGF recipient and the Virginia locality.

“Public Funding” means discretionary state funding that would not be available but for the Eligible Project and includes Tobacco Regional Opportunity Funds, Agriculture and Forestry Industries Development Fund, or other possible discretionary funds. Discretionary state funding cannot exceed 30 percent of the total Eligible Project costs. Discretionary state funding does not include Community Development Block Grants, Brownfield Grants, or other similar funds that are intended to serve more than one business. If the Eligible Project initiated such funding, only the pro rata portion used by the Eligible Project will count towards the 30 percent limit.

“Virginia business” means a company that is either an existing company with a current physical Virginia address or a company that is establishing a physical presence in Virginia as a result of the Eligible Project.

Additional Provisions

Clawback of a VTGF grant award: Upon award of the VTGF grant, the Eligible Project is expected to proceed based upon a reasonable performance period as defined in the Performance Agreement. Should a project fail to move forward, the company is responsible for repaying the VTGF grant award in its entirety. Should the Eligible Project scope change once construction is underway and should the Eligible Project fail to meet the standards as defined in the Performance Agreement, the VTC will analyze the level of completeness and, at its discretion, require a pro rata repayment of the VTGF grant award.

Exclusion of existing building: The cost of a building owned prior to the inception of the Eligible Project may be counted towards the capital investment for the Eligible Project under certain circumstances.

Verification of completion: The applicant will be asked to report the amount of capital investment and jobs created at the end of the performance period as defined in the Performance Agreement and verified by the locality and other sources to determine successful completion. After verification, VTC will provide a letter to the applicant stating successful completion and releasing it from the Performance Agreement.

Application Process

The applicant shall submit an application for a VTGF grant to VTC, providing the following information:

1. Contact information including phone and email and official applicant. This information should include general information about the applicant, including the date of establishment, tenure and nature of the presence in Virginia
2. The description and location of the project
3. Projected capital costs including construction costs
4. Project description including the importance of the project to the locality, the deficiency or void the project is filling in the community, and the number and types of new jobs created
5. Requested grant amount
6. Details of locality participation including the local contact and a description of the local match
7. Any information about prior work with VTC and/or the locality regarding Eligible Projects

Performance Agreement

Once negotiated and agreed upon, the amount and terms and conditions of a VTGF grant award will include a performance period in which the applicant is expected to complete the project. The VTGF grant award will be paid at the start of the Eligible Project.

The projected completion date may be modified by VTC upon request by the applicant, supported by an accompanying request letter from the locality. VTC will negotiate a new projected completion date based upon the best available information to all parties of the Performance Agreement. Failure to complete the project as defined in the Performance Agreement may result in a clawback of the VTGF grant award, at the sole discretion of VTC. Failure to complete at least 50 percent of the proposed project will require full repayment of the VTGF grant award.