

# DEPARTMENT OF TAXATION

## 2002 Fiscal Impact Statement

1. **Patron** Edwards

3. **Committee** Senate Finance

4. **Title** Retail Sales and Use Tax: Entitlement to  
Certain Sales Tax Revenue

2. **Bill Number** SB 481

**House of Origin:**

X **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would expand the current entitlement to certain sales tax revenues by expanding the definition of "public facility" to include any stadium or amphitheater owned by a Virginia county, city, town, authority or other public entity.

Under current law, the definition of "public facility" includes any auditorium, coliseum, convention center or conference center owned by a Virginia county, city, town, authority or other public entity.

By amending the definition of "public facility," this bill would expand the current entitlement to certain sales tax revenues to include the City of Roanoke's proposed stadium and amphitheater and the City of Portsmouth's amphitheater.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Tentative. (See Line 8.)

7. **Budget amendment necessary:** Yes.

Remittance of Sales Tax Revenue for Public Facilities

### 8. **Fiscal implications:**

The new amphitheater in the City of Portsmouth has been operational and collecting sales tax since the summer of 2001. The proposed stadium and amphitheater complex for the City of Roanoke will not be operational until August 2004.

**Portsmouth amphitheater:** Sales tax revenue from this facility that is currently deposited into the General Fund for unrestricted use would be subject to appropriation for public facilities. Based on information provided by the Portsmouth amphitheater, the

additional appropriation for public facilities is estimated to be \$50,000 for FY 2003 and \$55,000 for FY 2004.

**Roanoke stadium/amphitheater:** Roanoke's proposed amphitheater and stadium complex will not be operational until August 2004; therefore, there is no current fiscal impact for this proposed facility under this bill. The City of Roanoke estimates that the annual sales tax revenue from the proposed amphitheater/stadium complex would total about \$16,000 for FY 2005. Bonds to finance the Roanoke complex are planned for sale in February 2002.

The sales tax revenues diverted to a locality consist of only the 2% General Fund unrestricted portion of the sales tax and the 1% local option tax. The ½ % state portion dedicated to the Transportation Fund and the 1% distributed to localities based on school-age population are not effected.

**9. Specific agency or political subdivisions affected:**

Department of Accounts  
Department of Taxation  
City of Roanoke  
City of Portsmouth

**10. Technical amendment necessary:** None

**11. Other comments:**

Current Law

Code of Virginia § 58.1-608.3 (formerly the Public Facilities Act) allows sales tax revenues attributable to sales in new or substantially renovated public facilities to be transferred back to municipalities to pay the costs of the bonds issued to finance such facilities. Qualifying public facilities currently include:

- any auditorium, coliseum, convention center, or conference center owned by a Virginia municipality and where exhibits, meetings, conferences, conventions, seminars, or similar public events may be conducted,
- any hotel that is owned by a foundation whose sole purpose is to benefit a state-supported university and that is attached to and is an integral part of such facility, together with any lands reasonably necessary for the conduct of the operation of such event, or
- any hotel that is attached to and is an integral part of such facility.

Sales tax revenues generated from all transactions taking place in the facility, including, but not limited to, concessionaire sales, vending machine sales, and merchandise sales and rentals, are transferred back to the municipality. Entitlement to the revenues from such sales continues for the lifetime of the bonds, but not to exceed 30 years, and all

sales tax revenues are to be applied to the repayment of the bonds. No remittance is made until construction of the facility is completed.

This bill would expand the current entitlement by adding any amphitheater or stadium to the qualifying public facilities.

This bill would benefit the City of Roanoke's stadium and amphitheater and the City of Portsmouth's amphitheater (completed in the summer of 2001).

#### Legislative History

As originally enacted, this transfer mechanism applied only to one facility in the City of Roanoke. The General Assembly has amended the population requirements on four occasions to include the following cities: the City of Portsmouth (1998), the City of Suffolk (1999), the City of Hampton (2000), and the City of Staunton (2001).

cc : Secretary of Finance

Date: 01/20/02/tjh

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