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SENATE BILL NO. 1073

Offered January 8, 2003

Prefiled January 8, 2003

A BILL to amend and reenact § 58.1-3840 of the Code of Virginia, relating to local meals and lodging taxes.

 Patron—Rerras

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-3840 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-3840. Certain excise taxes permitted.

A. The provisions of Chapter 6 (§ 58.1-600 et seq.) of this title to the contrary notwithstanding, any city or town having general taxing powers established by charter pursuant to or consistent with the provisions of § 15.2-1104 may impose excise taxes on cigarettes, admissions, transient room rentals, meals, and travel campgrounds, provided that no such taxes may be imposed on food and beverages sold through vending machines or on any tangible personal property purchased with food coupons issued by the United States Department of Agriculture under the Food Stamp Program or drafts issued through the Virginia Special Supplemental Food Program for Women, Infants, and Children. In addition, as set forth in § 51.5-98, no blind person operating a vending stand or other business enterprise under the jurisdiction of the Department for the Blind and Vision Impaired and located on property acquired and used by the United States for any military or naval purpose shall be required to collect and remit meals taxes.

B. Notwithstanding any other provision of this section, no city or town shall levy any tax under this section upon alcoholic beverages sold in factory sealed containers and purchased for off-premises consumption or food purchased for human consumption as "food" is defined in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that act, except for the following items: sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads consisting primarily of an assortment of vegetables, and nonfactory sealed beverages.

C. Notwithstanding any other provision of this section, no city or town shall levy any tax under this section upon meals, or increase any such tax already so levied, unless such tax or tax increase is first approved in a referendum within the city or town, which shall be held in accordance with § 24.2-684 and initiated either by a resolution of the city or town council or on the filing of a petition signed by a number of registered voters of the city or town equal in number to 10 percent of the number of voters registered in the city or town, as appropriate on January 1 of the year in which the petition is filed with the court of such city or town. The clerk of the circuit court shall publish notice of the election in a newspaper of general circulation in the city or town once a week for 3 consecutive weeks prior to the election. If such resolution of the city or town council or such petition states for what projects and purposes the revenues collected from the tax are to be used, then the question on the ballot for the referendum shall include language stating such projects and purposes. If the voters affirm the levy of a local meals tax, the tax or tax increase shall be effective in the amount as approved in the referendum and on such other terms as the governing body may by ordinance prescribe. In no event shall the meals tax rate exceed 8 and one-half percent, when added to the state and local general sales and use tax, of the amount charged for such meals.

D. Notwithstanding any other provision of this section, no city or town shall levy any tax under this section upon transient room rentals that exceeds 2 percent of the amount of charge for the occupancy of any room or space occupied; except that any such city or town may levy a tax on transient room rentals not to exceed 5 percent, where any excess over 2 percent shall be designated and spent solely for "tourism promotion," in consultation with local tourism industry organizations and in direct support of the local tourism industry. If there are no local tourism industry organizations in the locality, the governing body shall hold a public hearing prior to making any determination relating to how to allocate the revenue to be dedicated to tourism promotion. For purposes of this section, "tourism promotion" includes direct funding to a local tourism promotion agency including, but not limited to, a convention and visitors bureau or tourism development authority, and also includes financial support for advertising or marketing activities, publishing and distributing pamphlets and similar materials, conducting research, or engaging in similar promotional activities that attract tourists or business travelers to the area for the use of lodging or meeting and convention facilities located in the area.

INTRODUCED

SB1073

59 2. That the provisions of this act shall not affect any tax, including the rate thereof, on meals and
60 transient rooms duly adopted by any city or town prior to January 1, 2003; however, any new tax,
61 or increase in the rate of an existing tax, on either meals or transient rooms, or both, shall be
62 subject to the limitations prescribed in this act.