

DEPARTMENT OF TAXATION

2003 Fiscal Impact Statement

1. **Patron** Woodrum

2. **Bill Number** HB 2045

3. **Committee** Passed House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Local Admissions Tax: Permits Lower Rate on
Events Held in Privately Owned Facilities

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would authorize any city or town that imposes the local admissions tax to impose the tax at a lower rate on admissions paid for events held at privately owned facilities than the rate imposed for events held at civic centers, stadiums and amphitheaters owned by the city or town.

Current law provides that cities and towns that have general taxing authority in their charters may impose an excise tax on admissions. Current law does not refer to a rate differential between municipally owned and privately owned facilities

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

This bill would have no impact on state revenues. This bill, which is permissive, would apply to all cities and towns that impose an admissions tax. The impact on local revenue is not known.

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

All localities that impose the admissions tax

10. **Technical amendment necessary:** None.

11. **Other comments:**

Under current law, localities may impose an admissions tax on any event as classified under Va. Code § 58.1-3817. For purposes of taxation, such events include:

1. Admissions charged for attendance at any event, the gross receipts of which go wholly to charitable purpose or purposes.
2. Admissions charged for attendance at public and private elementary, secondary, and college school-sponsored events, including events sponsored by school-recognized student organizations.
3. Admissions charged for entry into museums, botanical or similar gardens, and zoos.
4. Admissions charged to participants in order to participate in sporting events.
5. Admissions charged for entry into major league baseball games and events at any major league baseball stadium which has seating for at least 40,000 persons.
6. All other admissions.

Localities may, by ordinance, elect not to levy an admissions tax on admission to an event, provided that the purpose of the event is solely to raise money for charitable purposes and the net proceeds derived from the event will be transferred to an entity or entities that are exempt from sales and use tax.

While current law sets out various classifications subject to the admissions tax and permits the taxation of different types of classifications at different rates, it is silent on the nature of the facilities used to host an event. This bill would permit different rates of taxation to be imposed on admission to an event depending upon whether the event is held in a privately owned facility or a municipally owned civic center, stadium or amphitheater.

cc : Secretary of Finance

Date: 02/21/03/JEM

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