DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement

1. Patron Timothy D. Hugo

2. Bill Number HB 1001

House of Origin:

	Introduced
	Substitute
	Engrossed

3. Committee Passed House and Senate

4. Title Transient Occupancy Tax: Allow Fairfax County to Impose Additional Tax

Second House:

	In Committee
	Substitute
X	Enrolled

5. Summary/Purpose:

This bill would authorize Fairfax County to impose an additional two percent transient occupancy tax, provided no more than 75% of the revenue is appropriated to Fairfax County to be used in the county to promote tourism, and the remainder of the revenue is appropriated to a nonprofit convention and visitor's bureau located in the county. Fairfax County currently imposes a 2% transient occupancy tax.

The effective date of this bill is July 1, 2004.

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

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state revenues. The local revenue gain for Fairfax County is unknown because it is unknown if Fairfax County will implement the tax authorized by this bill. Based on historical data with respect to collections from the current transient occupancy tax in Fairfax County, this bill would result in approximately $6.3 million in additional tax in the first full year.

9. Specific agency or political subdivisions affected:

Fairfax County

10. Technical amendment necessary: No.

11. Other comments:

Under current law, any county may impose a transient occupancy tax at a maximum rate of two percent, upon the adoption of an ordinance, on hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms. The tax, however, does not apply to rooms rented on a continuous occupancy by the same individual or group for 30 or more continuous days.

Under this bill, Fairfax County would be authorized to impose an additional transient occupancy tax not to exceed 2%. Fairfax County currently imposes a 2% transient occupancy tax.

Counties Authorized to Impose Additional Transient Occupancy Tax

Albemarle, Amherst, Augusta, Bedford, Botetourt, Caroline, Cumberland, Dinwiddie, Franklin, Gloucester, James City, King George, Loudoun, Mecklenburg, Nelson, Page, Prince Edward, Prince William, Pulaski, Rockbridge, Spotsylvania, Stafford, Tazewell, Wythe, and York are authorized to impose a transient occupancy tax at a maximum rate of five percent. The revenues for the portion of the tax over two percent must be spent on tourism and promoting tourism.

Arlington County and Roanoke County may impose the tax up to a rate of five percent. Arlington County may impose a ¼% transient occupancy tax effective January 1, 1991 through January 1, 2006. Proceeds collected from the additional ¼% tax must be designated for promoting tourism and business travel.

The counties of Chesterfield, Hanover, and Henrico may impose an additional transient occupancy tax not to exceed six percent (total maximum rate or eight percent). The revenues from the additional six percent must be used to promote tourism and travel in the Richmond Metropolitan area. Arlington County may impose as additional two percent to be used for design, construction, debt payment and operation of a county conference center.

Other Legislation

Senate Bill 512 is identical to this bill.

House Bill 739 authorizes Floyd Count to impose the transient occupancy tax at a rate not to exceed 5%, with any revenues over 2% spent to promote tourism in the county.

House Bill 741 and Senate Bill 367 authorize Chesterfield, Hanover, and Henrico counties to impose an additional transient occupancy tax not to exceed one percent, revenues to be used to promote tourism in the City of Richmond.

Senate Bill 517 authorizes Rockbridge County and the cities of Lexington and Buena Vista to impose an additional 2% transient occupancy tax, the revenues to be used for paying down debt to the Rockbridge Industrial Development Authority.

cc: Secretary of Finance