DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement

1. **Patron** Allen W. Dudley

2. **Bill Number** HB 739
   House of Origin:
   _____ **Introduced**
   _____ **Substitute**
   _____ **Engrossed**

3. **Committee** Passed House and Senate

4. **Title** Transient Occupancy Tax: Allows Floyd County to Impose the Tax

   Second House:
   _____ **In Committee**
   _____ **Substitute**
   X **Enrolled**

5. **Summary/Purpose:**

   This bill would authorize Floyd County to impose the transient occupancy tax at a rate not to exceed five percent. Any revenue generated over 2% must be spent for promoting tourism, travel or business that generate tourism in the county. Floyd County currently does not impose any transient occupancy tax.

   The effective date of this bill is not specified.

6. **No Fiscal Impact:** Not Available. (See Line 8.)

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

8. **Fiscal implications:**

   This bill would have no impact on state revenues. It would, however, result in a gain of local revenue for Floyd County if the county elects to impose the tax. Floyd County currently does not impose a transient occupancy tax within the county, therefore, no data is available to estimate the local revenue gain should Floyd County impose the tax at the maximum 5%.

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

   Floyd 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, Floyd County would be authorized to impose a transient occupancy tax of no more than 5%.

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

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.

House Bill 1001 and Senate Bill 517 authorize Fairfax County to impose an additional two percent transient occupancy tax, revenues to be used to promote tourism and economical development.

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.

Senate Bill 316 would authorize the Towns of Herndon and Vienna to impose the transient occupancy tax.

Senate Bill 627 would authorize the Town of Vienna to impose the transient occupancy tax.

cc : Secretary of Finance

Date: 2/13/04 wbs