

**DEPARTMENT OF TAXATION  
2004 Fiscal Impact Statement**

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| <p><b>1. Patron</b> Emmett W. Hanger, Jr.</p> <p><b>3. Committee</b> House Finance</p> <p><b>4. Title</b> Transient Occupancy Tax: Allows<br/>Rockbridge County and Cities of Lexington<br/>and Buena Vista to Impose Additional Tax</p> | <p><b>2. Bill Number</b> <u>SB 517</u></p> <p><b>House of Origin:</b><br/><u>          </u> Introduced<br/><u>          </u> Substitute<br/><u>          </u> Engrossed</p> <p><b>Second House:</b><br/><u>  X  </u> In Committee<br/><u>          </u> Substitute<br/><u>          </u> Enrolled</p> |
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**5. Summary/Purpose:**

This bill would authorize the governing bodies of Rockbridge County and the cities of Lexington and Buena Vista to impose an additional two percent transient occupancy tax. Revenues generated from the imposition of this tax would be used to pay down the principal and interest on promissory notes between the Virginia Horse Center Foundation or the Virginia Equine Center Foundation and the Rockbridge Industrial Development Authority executed prior to January 1, 2004.

The effective date of this bill is not specified.

**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. It would, however, result in a gain of local revenue for Rockbridge County and the cities of Lexington and Buena Vista if the locality elects to impose the tax. Based upon FY 2002 transient occupancy tax collections for each locality, if each locality imposes the tax at the maximum rate allowed under this bill, it would generate an additional \$7,000 for Buena Vista, \$50,000 for Lexington and \$277,000 in Rockbridge County.

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

Rockbridge County  
Cities of Lexington and Buena Vista

**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, Rockbridge County and the cities of Lexington and Buena Vista would be authorized to impose an additional transient occupancy tax not to exceed 2%.

### **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 of 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 an additional two percent to be used for design, construction, debt payment and operation of a county conference center.

### **Other Legislation**

House Bill 739 authorizes Floyd County to impose the transient occupancy tax at a rate not to exceed 5%, with any revenue 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.

House Bill 1001 and SB 512 authorize Fairfax County to impose an additional two percent transient occupancy tax, revenues to be used to promote tourism and economical development.

Senate Bill 512 authorizes Fairfax County to impose an additional two percent transient occupancy tax, revenues to be used to promote tourism and economic development.

cc: Secretary of Finance