

**DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement**

1. Patron John C. Watkins

2. Bill Number SB 684

3. Committee Passed House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. Title Transient occupancy and food and beverage taxes; technical changes in provisions

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would make technical changes to the local transient occupancy tax and the local meals tax imposed by counties by changing the system for referencing the localities entitled to impose these taxes by naming the affected localities, instead of using population classifications.

The effective date of this bill is not specified.

6. No Fiscal Impact

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would not impact state or local revenues.

9. Specific agency or political subdivisions affected:

All localities.

10. Technical amendment necessary: No.

11. Other comments:

Transient occupancy tax

All counties are authorized to impose a transient occupancy tax, not to exceed 2 percent, by ordinance. Only those counties with specific statutory authority may impose an additional tax or a tax in excess of 2 percent tax. Generally, such counties are referred to by population classification, rather than by name. In recent years, the trend has been to use the name of the county when granted the county the authority to impose an additional tax or a tax in excess of 2 percent.

Local food and beverage tax

Counties are also authorized to levy a tax on food and beverages sold, for human consumption, by a restaurant, not to exceed four percent. Prior to the imposition of the tax, the imposition of such tax must be approved in a referendum. Other counties, with specific statutory authority, may impose such a tax after holding a public hearing. In addition to holding the public hearing, the local governing body must adopt the tax by unanimous vote. Generally, such counties are referred to by population classification, rather than by name.

This bill would standardize the methodology used to denote those counties with the additional taxing authorities for purposes of the local transient occupancy tax and the local meals tax by converting all population classifications to the name of the county that qualifies under the population classification.

cc : Secretary of Finance

Date: 3/16/2004 mch