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HOUSE BILL NO. 2231

Offered January 12, 2005

Prefiled January 11, 2005

A BILL to amend and reenact §§ 58.1-3833 and 58.1-3840 of the Code of Virginia, relating to local taxes on meals.

 Patron—Gear

 Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That §§ 58.1-3833 and 58.1-3840 of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-3833. County food and beverage tax.

A. Any county is hereby authorized to levy a tax on food and beverages sold, for human consumption, by a restaurant, as such term is defined in subdivision 9 of § 35.1-1, not to exceed four percent of the amount charged for such food and beverages. Such tax shall not be levied on food and beverages sold through vending machines or by any person described in subdivisions 1, 2, 3, and 5 of § 35.1-25, as well as nonprofit cafeterias in public schools, nursing homes, and hospitals. Grocery stores and convenience stores selling prepared foods ready for human consumption at a delicatessen counter shall be subject to the tax, for that portion of the grocery store or convenience store selling such items.

This tax shall be levied only if the tax is approved in a referendum within the county which shall be held in accordance with § 24.2-684 and initiated either by a resolution of the board of supervisors or on the filing of a petition signed by a number of registered voters of the county equal in number to 10 percent of the number of voters registered in the county, as appropriate on January 1 of the year in which the petition is filed with the court of such county. The clerk of the circuit court shall publish notice of the election in a newspaper of general circulation in the county once a week for three consecutive weeks prior to the election. If the voters affirm the levy of a local meals tax, the tax shall be effective in an amount and on such terms as the governing body may by ordinance prescribe. If such resolution of the board of supervisors or such petition states for what projects and/or purposes the revenues collected from the tax are to be used, then the question on the ballot for the referendum shall include language stating for what projects and/or purposes the revenues collected from the tax are to be used.

The term "beverage" as set forth herein shall mean alcoholic beverages as defined in § 4.1-100 and nonalcoholic beverages served as part of a meal. The tax shall be in addition to the sales tax currently imposed by the county pursuant to the authority of Chapter 6 (§ 58.1-600 et seq.) of this title. Collection of such tax shall be in a manner prescribed by the governing body.

B. Notwithstanding the provisions of subsection A of this section, Roanoke County, Rockbridge County, Frederick County and Arlington County are hereby authorized to levy a tax on food and beverages sold for human consumption by a restaurant, as such term is defined in § 35.1-1 and as modified in subsection A above and subject to the same exemptions, not to exceed four percent of the amount charged for such food and beverages, provided that the governing body of the respective county holds a public hearing before adopting a local food and beverage tax, and the governing body by unanimous vote adopts such tax by local ordinance. The tax shall be effective in an amount and on such terms as the governing body may by ordinance prescribe.

C. Nothing herein contained shall affect any authority heretofore granted to any county, city or town to levy a meals tax. The county tax limitations imposed pursuant to § 58.1-3711 shall apply to any tax levied under this section, mutatis mutandis. All food and beverage tax collections and all meals tax collections shall be deemed to be held in trust for the county, city or town imposing the applicable tax. The wrongful and fraudulent use of such collections other than remittance of the same as provided by law shall constitute embezzlement pursuant to § 18.2-111.

D. No county which has heretofore adopted an ordinance pursuant to subsection A of this section shall be required to submit an amendment to its meals tax ordinance to the voters in a referendum.

E. Notwithstanding any other provision of this section, no locality shall levy any tax under this section upon (i) *that portion of the sales price constituting a gratuity or service charge*, or (ii) alcoholic beverages sold in factory sealed containers and purchased for off-premises consumption or food purchased for human consumption as "food" is defined in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that act, except for the following items: sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads consisting primarily of an assortment of vegetables, and nonfactory sealed beverages.

INTRODUCED

HB2231

59 § 58.1-3840. Certain excise taxes permitted.

60 A. The provisions of Chapter 6 (§ 58.1-600 et seq.) of this title to the contrary notwithstanding, any
61 city or town having general taxing powers established by charter pursuant to or consistent with the
62 provisions of § 15.2-1104 may impose excise taxes on cigarettes, admissions, transient room rentals,
63 meals, and travel campgrounds; ~~provided that no.~~ *No such taxes on meals may be imposed on (i) that*
64 *portion of a meal's sale price that is a gratuity or a service charge, or (ii) food and beverages sold*
65 *through vending machines or on any tangible personal property purchased with food coupons issued by*
66 *the United States Department of Agriculture under the Food Stamp Program or drafts issued through the*
67 *Virginia Special Supplemental Food Program for Women, Infants, and Children. In addition, as set forth*
68 *in § 51.5-98, no blind person operating a vending stand or other business enterprise under the*
69 *jurisdiction of the Department for the Blind and Vision Impaired and located on property acquired and*
70 *used by the United States for any military or naval purpose shall be required to collect and remit meals*
71 *taxes.*

72 B. Notwithstanding any other provision of this section, no city or town shall levy any tax under this
73 section upon alcoholic beverages sold in factory sealed containers and purchased for off-premises
74 consumption or food purchased for human consumption as "food" is defined in the Food Stamp Act of
75 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that act, except for the
76 following items: sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads
77 consisting primarily of an assortment of vegetables, and nonfactory sealed beverages.

78 C. Any city or town that is authorized to levy a tax on admissions may levy the tax on admissions
79 paid for any event held at facilities that are not owned by the city or town at a lower rate than the rate
80 levied on admissions paid for any event held at its city- or town-owned civic centers, stadiums and
81 amphitheatres.