

# DEPARTMENT OF TAXATION

## 2005 Fiscal Impact Statement

1. **Patron** James M. Shuler

3. **Committee** House Finance

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

2. **Bill Number** HB 1515

**House of Origin:**

  X   **Introduced**

      **Substitute**

      **Engrossed**

**Second House:**

      **In Committee**

      **Substitute**

      **Enrolled**

**5. Summary/Purpose:**

This bill would authorize Craig County to impose an additional transient occupancy tax at a rate not to exceed three percent. Currently, Craig County imposes a transient occupancy tax at a rate of two percent. Any revenue generated over two percent must be spent for promoting tourism, travel or businesses that generate tourism in the county.

The effective date of this bill is not specified.

**6. No Fiscal Impact:** (See Line 8.)

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

**8. Fiscal implications:**

This bill would have no impact on state revenues. If Craig County chooses to impose this tax it would result in a revenue gain to that locality. Currently, Craig County imposes a two percent transient occupancy tax. Based on the revenue collected since the tax was first imposed in July 2004, the imposition of an additional three percent tax would result in a gain of \$3,700 annually.

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

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

### **Counties Authorized to Impose Additional Transient Occupancy Tax**

Albemarle, Augusta, Bedford, Caroline, Cumberland, Dinwiddie, Floyd, Franklin, Gloucester, James City, King George, Loudoun, Mecklenburg, Nelson, Page, Prince Edward, Prince William, 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 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.

The counties of James City and York are authorized to impose an additional transient occupancy tax not to exceed \$2 per room per night. The revenues from this additional tax will be used to promote tourism in the Historic Triangle area.

Fairfax County may impose an additional two percent tax on the occupancy of any room. The revenues from this additional tax will be used to promote tourism in the county and to fund a Visitor's and Convention Bureau.

Rockbridge County and the Cities of Lexington and Buena Vista may impose an additional transient occupancy tax at a rate not to exceed two percent. The revenues from this tax will be used to fund the Virginia Horse Center Foundation and the Virginia Equine Center Foundation.

### **Similar Legislation**

**House Bill 1857 and Senate Bill 1102** would extend the expiration date of the additional ¼% transient occupancy tax imposed by Arlington County to January 1, 2009.

**House Bill 1965** would allow Prince George County to impose an additional transient occupancy tax at a maximum rate of five percent.

**House Bill 2007** would allow Carroll County to impose an additional transient occupancy tax at maximum rate of five percent.

**House Bill 2492** would amend the City of Fairfax's charter in order to eliminate the four percent rate limitation on the transient occupancy tax.

**Senate Bill 793** would limit the imposition of the transient occupancy tax to “overnight accommodations”.

cc : Secretary of Finance

Date: 1/14/2005 S.M.  
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