

**DEPARTMENT OF TAXATION
2005 Fiscal Impact Statement**

1. Patron Harry J. Parrish

3. Committee House Finance

4. Title Local Meals Tax: Restrictions on
Frequency of Holding Referenda

2. Bill Number HB 1838

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would require counties to wait at least three years between referenda on the approval of a food and beverage tax. Additionally, this bill would allow a meals tax approved by referendum to be repealed by another referendum. Currently, once voters approve the levy of a meals tax, it is effective in the amount and on such terms as the governing body may prescribe by ordinance.

6. No Fiscal Impact (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state revenues. However, this bill would limit the ability of a county to hold multiple referenda, and hence limit the locality's ability to levy the tax.

9. Specific agency or political subdivisions affected:

All counties

10. Technical amendment necessary: No.

11. Other comments:

Under current law, any county may impose a food and beverage tax at a maximum rate of up to four percent, provided the food and beverage tax is approved by referendum vote within the locality, and initiated either by a resolution of the board of supervisors for the county or the filing of a petition signed by at least ten percent of the registered voters within the locality. Only Roanoke, Rockbridge, Frederick, and Arlington Counties are exempt from this requirement, and can adopt a meals tax after a public hearing and a unanimous vote by the governing body. This bill would require all counties to wait at least three years between referenda on the approval of a meals tax.

This bill would also allow voters in a county that has a meals tax, either approved by the voters through a referendum, or imposed by ordinance after a public hearing and a unanimous vote by the governing body, to be repealed if approved by a referendum within the county. If the voters approve the repeal of the food and beverage tax, it will be repealed at the end of the fiscal year in which the referendum was held.

Senate Bills 720 and 755 would allow Giles and Washington Counties, respectively, to impose a local meals tax after a public hearing and a unanimous vote of the governing body, instead of holding a referendum.

cc : Secretary of Finance

Date: 1/15/2005 SM
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