

**DEPARTMENT OF TAXATION
2005 Fiscal Impact Statement**

1. Patron Harry J. Parrish

2. Bill Number HB 1838

3. Committee Senate Finance

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

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

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.

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. 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.

Senate Bills 720 and 755 would allow Giles, Montgomery, 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: 2/7/2005 SM
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