

**DEPARTMENT OF TAXATION  
2005 Fiscal Impact Statement**

**1. Patron** Ward L. Armstrong

**2. Bill Number** HB 2007

**3. Committee** Passed House and Senate

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

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

**Second House:**

           **In Committee**

           **Substitute**

  X   **Enrolled**

**5. Summary/Purpose:**

This bill would authorize Carroll County to impose an additional transient occupancy tax at a rate not to exceed three percent. Currently, Carroll County imposes a transient occupancy tax at a rate of two percent. Any revenue generated over two percent must be spent for tourism, marketing of tourism, or initiatives that, as determined in consultation with the local tourism industry organizations, will attract tourists to Carroll County and generate tourism revenues in the locality.

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 Carroll County chooses to impose this tax it would result in a revenue gain to that locality. Currently, Carroll County imposes a two percent transient occupancy tax. Based on the revenue collected in Fiscal Year 2004, the imposition of an additional three percent tax would result in a gain of \$181,333 annually.

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

Carroll 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, Carroll County would be authorized to impose a transient occupancy tax of no more than 5%. Any revenues generated over two percent must be spent solely for tourism, marketing of tourism, or initiatives that, as determined in consultation with the local tourism industry organizations, will attract travelers to the locality or generate tourism revenues in the locality.

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

Currently, York, Albemarle, Nelson, Mecklenburg, Gloucester, Spotsylvania, Stafford, Loudoun, Bedford, Cumberland, Floyd, King George, and Prince Edward Counties are authorized to impose an additional transient occupancy tax at a rate not to exceed five percent. Any revenues from this tax that exceed two percent must be spent for promoting tourism, travel, or businesses that generate tourism or travel in the county. Additionally, Rockbridge, Caroline, Dinwiddie, Page, Wythe, James City, Franklin, Tazewell, Augusta, and Prince William Counties are authorized to impose a transient occupancy tax at a maximum rate of five percent. The revenues generated from the portion of the tax over two percent must be designated and spent solely for tourism, marketing of tourism, or initiatives that, as determined in consultation with the local tourism industry organization, will attract travelers to the county or generate tourism revenues in the locality.

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 in Arlington County to January 1, 2009.

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

**Senate Bill 755** would allow Wise County, Botetourt County, Patrick County, Pulaski County and Halifax County to impose an additional transient occupancy tax at a maximum rate of five percent.

**Senate Bill 793** would clarify that the transient occupancy tax applies only to rooms or spaces occupied or intended for lodging, sleeping, or dwelling purposes.

cc : Secretary of Finance

Date: 2/28/2005 S.M.  
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