

**DEPARTMENT OF TAXATION
2006 Fiscal Impact Statement**

1. **Patron** Allen W. Dudley

2. **Bill Number** HB 1072

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Local food and beverage tax; Floyd County

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would add Floyd County to the list of counties authorized to impose a local food and beverage tax at a rate not to exceed four percent without approval at referendum, provided that a public hearing is held and that the ordinance passed the governing body by unanimous vote.

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. The revenue impact in Floyd County is uncertain because it is not known whether Floyd County would impose a local food and beverage tax and at what rate it would impose the tax. Floyd County does not currently impose a food and beverage tax.

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

10. **Technical amendment necessary:** No.

11. Other comments:

Generally

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, Arlington, and Montgomery

Counties are exempt from this requirement. These counties are allowed to impose a food and beverage tax not to exceed four percent as long as the governing body of the county has held a public hearing on the matter and the governing body votes unanimously to impose the food and beverage tax. This bill would add Floyd County to the group of localities authorized to impose a food and beverage tax without a referendum.

Similar legislation

House Bill 529 would prohibit a referendum on the local food and beverage tax from being held more than once every three years in the same county.

House Bill 836 would prohibit any city that has a population of 400,000 persons or greater, from imposing a new or increasing an existing local meals tax unless such tax or rate increase is first approved by referendum vote.

cc : Secretary of Finance

Date: 01/16/2006 KP
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