

DEPARTMENT OF TAXATION

2007 Fiscal Impact Statement

1. **Patron** C. Todd Gilbert

2. **Bill Number** HB 2338

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Transient Occupancy Tax: Preemption by
Town

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would allow all towns to preempt a county transient occupancy tax within the town regardless of whether the county's authority to impose the transient occupancy tax is granted under *Va. Code* § 58.1-3819, a charter, or other source of law.

Under current law, a transient occupancy tax imposed by a county pursuant to *Va. Code* § 58.1-3819 does not apply within the limits of any town that imposes a transient occupancy tax unless the governing body of the town specifies that the county tax will also apply.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

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

8. Fiscal implications:

This bill would have no impact on state revenues. As it is unknown which counties would be impacted by this bill, the revenue impact to localities is unknown.

9. Specific agency or political subdivisions affected:

Counties that impose a transient occupancy tax under a source of law other than *Va. Code* § 58.1-3819

Towns within the affected counties

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

11. Other comments:

Proposal

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Under current law, a transient occupancy tax imposed by a county pursuant to *Va. Code* § 58.1-3819 does not apply within the limits of any town that imposes a transient occupancy tax unless the governing body of the town specifies that that the county tax will also apply.

Counties Authorized to Impose Additional Transient Occupancy Tax

Augusta County, Caroline County, Carroll County, Craig County, Dinwiddie County, Franklin County, Halifax County, James City County, Montgomery County, Page County, Patrick County, Prince George County, Prince William County, Pulaski County, Rockbridge County, Tazewell County, and Wythe County 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 designated and spent solely for tourism, marketing of tourism or initiatives that attract travelers to the locality and generate tourism revenues in the locality.

Albemarle County, Bedford County, Botetourt County, Cumberland County, Floyd County, Gloucester County, King George County, Loudon County, Mecklenburg County, Nelson County, Prince Edward County, Spotsylvania County, Stafford County, Wise County, and York County are also 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 promoting tourism, travel or business that generates tourism or travel in the locality.

Arlington County may impose a one-quarter percent transient occupancy tax effective January 1, 1991 through January 1, 2009. Proceeds collected from the additional one-quarter percent 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 four percent. The revenues from the additional four percent must be used to promote tourism and travel in the Richmond Metropolitan area. These localities may also impose an additional transient occupancy tax not to exceed two percent, the revenues from which must be used for the expansion of the Richmond Centre. These localities are also authorized to impose an additional transient occupancy tax not to exceed one percent. The revenues from the additional one percent tax must be used for the development and improvement of the Virginia Performing Arts Foundation's facilities in Richmond, for promoting the use of the Richmond Centre, and for promoting 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.

Franklin County may impose a transient occupancy tax on certain rentals, such as condominiums, apartments, and townhouses, at a rate not to exceed two percent.

Nelson County may impose a transient occupancy tax on certain rentals, such as condominiums, apartments, and townhouses, at a rate not to exceed five percent. The revenues for the portion of the tax over two percent must be designated for promoting tourism, travel, or business that generates tourism or travel in the locality.

Other Legislation

House Bill 1714 would authorize Northampton County to impose a transient occupancy tax at a rate of up to five percent with the revenue generated over two percent to be designated and spent solely for promoting tourism, travel or businesses that generates tourism or travel in the county.

House Bill 2499 would grant most counties the authority to impose an additional transient occupancy tax of two percent to be used solely for transportation needs.

Senate Bill 811 would authorize Amherst County to impose a transient occupancy tax at a rate of up to five percent with the revenue generated over two percent to be designated and spent solely for promoting tourism, travel or businesses that generates tourism or travel in the county.

Senate Bill 854 would authorize Charles City County to impose a transient occupancy tax at a rate of up to five percent with the revenue generated over two percent to be designated and spent solely for promoting tourism, travel or businesses that generates tourism or travel in the county.

Senate Bill 904 would authorize Northampton County to impose a transient occupancy tax at a rate of up to five percent with the revenue generated over two percent must be designated and spent solely for tourism, marketing of tourism or initiatives that attract travelers to the locality and generate tourism revenues in the locality.

cc : Secretary of Finance

Date: 1/20/2007 AM
DLAS File Name: HB2338F161.doc