

**DEPARTMENT OF TAXATION  
2006 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 529

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would require that counties 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. This bill would limit the ability of a county to hold multiple referenda, and possibly 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:**

**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, and can adopt a meals tax by local ordinance

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.

### **Similar Legislation**

**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.

**House Bill 1072** would add Floyd County to the list of counties that may impose the local food and beverage tax without approval at referendum, provided that a public hearing is held and that an ordinance passed the governing body by unanimous vote.

cc : Secretary of Finance

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