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## SENATE BILL NO. 496

Offered January 26, 1998

A *BILL to amend the Code of Virginia by adding a section numbered 58.1-608.4, relating to the entitlement to certain sales tax revenue.*

Patrons—Marsh, Howell, Lucas, Maxwell, Miller, Y.B. and Ticer; Delegates: Jones, D.C. and Spruill

Referred to the Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding a section numbered 58.1-608.4 as follows:**

*§ 58.1-608.4. Entitlement to certain sales tax revenues.*

*A. As used in this section, unless some other meaning is plainly intended:*

*"Meal sales" means sales of food and beverages that are subject to a meals tax levied pursuant to § 58.1-3840, which section provides that a meals tax may not be imposed on, among other items, food and beverages sold through vending machines or tangible personal property purchased with food coupons issued by the United States Department of Agriculture under the Food Stamp Program or drafts issued through the Virginia Special Supplemental Food Program for Women, Infants, and Children.*

*"Sales tax revenues" means such tax collections realized under the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.), as limited herein. "Sales tax revenues" does not include the revenue generated by the one-half percent sales and use tax increase enacted by the 1986 Special Session of the General Assembly which shall be paid to the Transportation Trust Fund as defined in § 33.1-23.03:1, nor shall it include the one percent of the state sales and use tax revenue distributed among the counties and cities of the Commonwealth pursuant to § 58.1-638 D on the basis of school age population.*

*"Transient occupancy sales" means stays at hotels, motels, boarding houses, travel campgrounds, and other facilities offering rooms rented out for continuous occupancy for fewer than thirty consecutive days, that are subject to a transient occupancy tax levied pursuant to § 58.1-3840.*

*B. Any city with a population of between 35,000 and 40,000 shall be entitled to all sales tax revenue generated by meals sales and transient occupancy sales made within such city. Such entitlement shall continue for thirty years. The State Comptroller shall remit such sales tax revenues to the city on a quarterly basis, subject to such reasonable processing delays as may be required by the Department of Taxation to calculate the actual net sales tax revenues derived from such meals sales and transient occupancy sales. The State Comptroller shall make such remittances to eligible cities as provided herein, notwithstanding any provisions to the contrary in the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.). Such revenues shall inure to the general fund of each eligible city and shall be used to defray the cost of debt service on the construction of sports facilities and other expenses of the city relating to the attraction of tourists to the city.*

INTRODUCED

SB496