

DEPARTMENT OF TAXATION 2007 Fiscal Impact Statement

1. Patron John J. Welch, III

3. Committee House Finance

4. Title Meals Tax: Referendum Required in Certain Cities

2. Bill Number HB 2315

House of Origin:

Introduced
 Substitute
 Engrossed

Second House:

In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would prohibit any city that has a population of 100,000 persons or greater from imposing a new, or increasing an existing, local meals tax unless such tax or rate increase is first approved by a citywide referendum.

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. This bill would restrict the taxing authority of any city with a population of 100,000 or greater. According to the last decennial census, this bill would affect the Cities of Alexandria, Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, Richmond, and Virginia Beach. Other cities may also be subject to the restrictions imposed by this bill as their populations grow.

9. Specific agency or political subdivisions affected:

Cities of Alexandria, Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, Richmond, and Virginia Beach.

10. Technical amendment necessary: No.

11. Other comments:

Generally

Currently, any city or town having general taxing powers as established by charter may impose a local meals tax through the adoption of an ordinance by the local governing

body. All Virginia cities and 96 towns currently impose a meals tax, with the median rate being 5% for cities and 4% for towns.

Proposal

This bill would prohibit any city with a population of 100,000 or more from adopting a new meals tax or increasing the rate of its existing meals tax unless approved by its voters through a referendum. Based on the last decennial census, this bill would affect the Cities of Alexandria, Arlington, Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, Richmond, and Virginia Beach.

cc : Secretary of Finance

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