

**DEPARTMENT OF TAXATION
2008 Fiscal Impact Statement**

1. Patron Thomas K. Norment, Jr.

2. Bill Number SB 770

3. Committee Senate Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. Title Transient Occupancy Tax; Historic Triangle Area.

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would amend the additional transient occupancy tax authorized to be collected in the Counties of James City and York to expressly state that the Greater Williamsburg Chamber and Tourism Alliance would serve as the fiscal agent for the Williamsburg Area Destination Marketing Committee and would provide administrative support as it shall deem necessary and appropriate to assure the integrity and accountability of its expenditures of revenue from the additional transient occupancy tax. This bill clarifies that the Williamsburg Area Destination Marketing Committee is a committee of the Greater Williamsburg Chamber and Tourism Alliance.

The Williamsburg Area Destination Marketing Committee is currently part of the Williamsburg Chamber and Tourism Alliance, which was formerly named the Williamsburg Area Chamber of Commerce and Convention and Visitors Bureau.

The effective date of this bill is not specified.

6. No Fiscal Impact.

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state or local revenues.

9. Specific agency or political subdivisions affected:

Counties of: James City and York

City of: Williamsburg

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Under current law, any county may impose a transient occupancy tax at a maximum rate of two percent, upon the adoption of an ordinance, on hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms. The tax, however, does not apply to rooms rented on a continuous occupancy by the same individual or group for 30 or more continuous days. The tax applies to rooms intended or suitable for dwelling and sleeping. Therefore, the tax does not apply to such rooms used for alternative purposes, such as banquet rooms and meeting rooms.

Counties Authorized to Impose Transient Occupancy Tax at a Higher Rate

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 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.

Amherst County, Augusta County, Caroline County, Carroll County, Craig County, Dinwiddie County, Franklin County, Halifax County, James City County, Montgomery County, Northampton County, Page County, Patrick County, Prince George County, Prince William County, Pulaski County, Rockbridge County, Tazewell County, and Wythe 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 designated and spent solely for tourism, marketing of tourism or initiatives that, as determined in consultation with the local tourism industry organizations, attract travelers to the locality and generate tourism revenues in the locality. If there are no local tourism industry organizations in the locality, the governing body must hold a public hearing prior to making any determination relating to how to attract travelers to the locality and generate tourism revenues in the locality.

Counties Authorized to Impose Additional Transient Occupancy Taxes

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.

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.

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 which includes all of the City of Williamsburg and the Counties of James City and York, as an overnight tourism destination by the members of the Williamsburg Area Destination Marketing Committee of the Williamsburg Area Chamber of Commerce and Convention and Visitors Bureau, which has been renamed the Greater Williamsburg Chamber and Tourism Alliance.

Currently, the Williamsburg Area Destination Marketing Committee consists of 10 members: one member from the governing bodies of the City of Williamsburg, the County of James City, and the County of York; one member selected by the Board of Directors of the Williamsburg Hotel and Motel Association; one member of the Committee is from The Colonial Williamsburg Foundation; one member of the Committee is an employee of Busch Gardens Williamsburg/Water Country; one member of the Committee is from the Jamestown-Yorktown Foundation; and one member of the Committee is the President and Chief Executive Officer of the Virginia Tourism Authority who serves ex officio; and the President of the Williamsburg Area Chamber of Commerce and Convention and Visitors Bureau and the Executive Director of the Williamsburg Hotel and Motel Association each serve ex officio with nonvoting privileges.

Proposal

This bill would amend the Code of Va. to expressly state that the Greater Williamsburg Chamber and Tourism Alliance would serve as the fiscal agent for the Williamsburg Area Destination Marketing Committee and would provide administrative support as it shall deem necessary and appropriate to assure the integrity and accountability of its expenditures of revenue. This bill clarifies that the Williamsburg Area Destination Marketing Committee is a committee of the Greater Williamsburg Chamber and Tourism Alliance.

This bill would also add one voting member to the committee, a person selected by the Executive Committee of the Greater Williamsburg Chamber and Tourism Alliance, who would receive one vote.

Similar Legislation

House Bill 787 and **Senate Bill 462** (Identical) would extend the sunset date from January 1, 2009 to January 1, 2012, for Arlington County to impose an additional transient occupancy tax at a maximum rate of one-fourth of one percent of the amount charged for the occupancy of any room or space occupied.

House Bill 1350 and **Senate Bill 603** (identical) would remove the definition of the term “transient lodgings” from the charter for the City of Williamsburg.

House Bill 1453 would require the Counties of Albemarle, Bedford, Botetourt, Cumberland, Floyd, Gloucester, King George, Loudon, Mecklenberg, Nelson, Prince Edward, Spotsylvania, Stafford, Wise, and York to designate and spend the revenues generated by any portion of their local transient occupancy tax that exceeds two percent solely for tourism, marketing of tourism or initiatives that, as determined in consultation with the local tourism industry organizations, attract travelers to the locality and generates tourism revenues in the locality.

cc : Secretary of Finance

Date: 1/28/2008 jkl
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