

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** Thomas K. Norment, Jr.

2. **Bill Number** SB 1344

3. **Committee** House Finance

House of Origin:

 Introduced

 Substitute

 X **Engrossed**

4. **Title** Transient Occupancy Tax; Williamsburg
Area Destination Marketing Committee

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would prohibit more than one person from the same local government, including the governing body of the locality, from serving as a member of the Committee of the Williamsburg Area Destination Marketing Committee. The bill would also provide that a committee member who subsequently becomes either a member of one of the local governing bodies in the Historic Triangle, or an employee of one of the local governments, would be ineligible to serve as a member of the committee during his tenure with the local governing body or local government.

Under current law, the Counties of James City and York are authorized to impose an additional transient occupancy tax at a maximum rate of \$2 per room per night, the revenues of which are designated for advertising the Historic Triangle area as an overnight tourism destination by the members of the Williamsburg Area Destination Marketing Committee of the Greater Williamsburg Chamber and Tourism Alliance.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

7. **No Fiscal Impact** (See Line 8.)

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:

Generally

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 basis 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

The following counties are authorized to impose a transient occupancy tax at a maximum rate of five percent: Albemarle County, Allegheny County, Amherst County, Augusta County, Bedford County, Botetourt County, Caroline County, Carroll County, Craig County, Cumberland County, Dinwiddie County, Floyd County, Franklin County, Giles County, Gloucester County, Greene County, Halifax County, James City County, King George County, Loudoun County, Mecklenburg County, Montgomery County, Nelson County, Northampton County, Page County, Patrick County, Prince Edward County, Prince George County, Prince William County, Pulaski County, Rockbridge County, Smyth County, Spotsylvania County, Stafford County, Tazewell County, Wise County, Wythe County and York County. The revenues for the portion of the tax over two percent must be spent on promoting tourism and travel, and marketing of tourism or initiatives that attract travelers to the locality and generate tourism revenues in the locality.

Counties Authorized to Impose Additional Transient Occupancy Taxes

Beginning January 1, 1991 and ending January 1, 2012, Arlington County is authorized to impose an additional transient occupancy tax at a maximum rate of one-fourth of one percent of the amount of the charge for the occupancy of any room or space occupied, the revenues from which must be spent on promoting tourism and business travel in the county.

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. Any additional tax imposed in Fairfax County does not apply within the limits of any town located in Fairfax County unless the governing body of the town consents.

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.

Bath County may impose an additional transient occupancy tax at a rate not to exceed two percent. One-half of the revenue from the tax must be designated and spent solely for tourism and travel. The remaining half must be designated and spent solely for the design, operation, construction, improvement, acquisition and debt of tourism facilities, historic sites, beautification projects, promotion of the arts, regional tourism marketing efforts, capital costs related to travel and transportation, public parks and recreation, and information centers.

In addition, any county with the county manager plan of government is authorized to impose an additional transient occupancy tax at a maximum rate of two percent, provided the county's governing body approves the construction of a county conference center. The revenues collected from this additional tax must be spent for the design, construction, debt payment, and operation of the conference center.

Historic Triangle 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, 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 Greater Williamsburg Chamber and Tourism Alliance.

Currently, the Williamsburg Area Destination Marketing Committee consists of 10 members: three members are chosen by the governing bodies of the City of Williamsburg, the County of James City, and the County of York; one member is selected by the Board of Directors of the Williamsburg Hotel and Motel Association; one member is selected by and serves on The Colonial Williamsburg Foundation; one member is selected by and is an employee of Busch Gardens Williamsburg/Water Country; one member is selected by and serves on the Jamestown-Yorktown Foundation; one member is selected by the Executive Committee of the Greater Williamsburg Chamber and Tourism Alliance; and one member is the President and Chief Executive Officer of the Virginia Tourism

Authority, and serves ex officio. 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. With the exception of the members chosen by the governing bodies of Williamsburg, James City, and York, and the nonvoting members, each of these members is given one vote apiece.

Proposal

This bill would prohibit more than one person from the same local government, including the governing body of the locality, from serving as a member of the Committee of the Williamsburg Area Destination Marketing Committee. The bill would also provide that a committee member who subsequently becomes either a member of the local governing body in one of the Historic Triangle localities, or an employee of one of the local governments, would be ineligible to serve as a member of the committee during his tenure with the local governing body or local government. In such a case, the body that made the selection would need to select a replacement to serve as a member of the Committee.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 2/8/2011 KP
DLAS File Name: SB1344FE161.doc