

**DEPARTMENT OF TAXATION
2014 Fiscal Impact Statement**

1. Patron Lynwood W. Lewis, Jr.

3. Committee House Finance

4. Title Transient Occupancy Tax; Imposes Tax on
Public-Owned Accommodation Providers

2. Bill Number HB 841

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would authorize the imposition of local transient occupancy taxes on publicly owned accommodation providers, including travel campgrounds.

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 privately-owned hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms. Cities or towns may impose excise taxes on transient room rentals of privately owned accommodations and travel campgrounds, and there are no restrictions as to the rate that may be imposed. Publicly-owned accommodation providers, such as state agencies, are not subject to transient occupancy taxes in counties, cities, or towns.

The effective date of this bill is not specified.

6. Budget amendment necessary: No.

7. Fiscal Impact Estimates are: Not available. (See Line 8.)

8. Fiscal implications:

This bill would increase local revenues for those localities that have publicly-owned accommodation providers and that impose the transient occupancy tax by an unknown amount. Currently, there are 124 campgrounds in Virginia. Assuming 47% of those campgrounds are publicly owned, the revenue impact from imposition of the tax to publicly-owned accommodations is estimated to be approximately \$113,300 in Fiscal year 2015 and \$123,600 in Fiscal Years 2016 through 2020. This bill would have no impact on state revenues.

9. Specific agency or political subdivisions affected:

All localities

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. Cities or towns may impose excise taxes on transient room rentals of privately owned accommodations and travel campgrounds, and there are no restrictions as to the rate that may be imposed

Although the statute does not specifically exempt publicly-owned accommodation facilities from this tax, a 1992 Attorney General Opinion addressing the application of the transient occupancy tax to a state park in Virginia indicates that if an authorizing statute does not specifically make a tax applicable to the Commonwealth and its agencies, the tax does not apply to such agencies, because “the sovereign is not bound by a statute of general application, no matter how comprehensive the language, unless named expressly or included by necessary implication.”

Proposal

This bill would authorize the imposition of the local transient occupancy tax on publicly owned accommodation providers, including travel campgrounds.

The effective date of this bill is not specified.

Similar Legislation

Senate Bill 573 adds Highland County to the list of localities eligible to impose the transient occupancy tax at a maximum rate of five percent.

cc : Secretary of Finance

Date: 1/21/2014 KP
DLAS File Name: HB841F161