

DEPARTMENT OF TAXATION

2015 Fiscal Impact Statement

1. **Patron** L. Louise Lucas

3. **Committee** Senate Finance

4. **Title** Local Admissions Tax; Authorizes All
Counties to Levy

2. **Bill Number** SB 774

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would authorize all counties to levy an admissions tax at a maximum rate of ten percent upon admission charges for all events. The bill would also remove the limitations on the admissions tax that are imposed upon the counties of Charlotte, Clark, Madison, Nelson, Sussex and Stafford.

Under current law, the counties of Arlington, Brunswick, Culpepper, Dinwiddie, Fairfax, New Kent and Prince George are authorized to levy a tax on admissions at a maximum rate of ten percent. The counties of Charlotte, Clarke, Madison, Nelson, Sussex, Scott, and Stafford have limited authority to impose the tax. No other counties are authorized to impose an admissions tax.

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 generate a revenue gain of unknown magnitude to those counties that elect to impose an admissions tax or expand their admissions tax pursuant to the authority in this bill. In Fiscal Year 2013, while fourteen counties possessed authority to levy the local admissions tax, only four counties reported collecting the tax. Admissions tax collections in those counties totaled \$129,000.

It is not known if any counties that currently are precluded from imposing an admissions tax would elect to levy the tax upon passage of this legislation. As such, the revenue gain cannot be determined.

This bill would have no impact on state revenues.

9. Specific agency or political subdivisions affected:

Counties without authority to impose an admissions tax.

Counties of: Charlotte, Clarke, Madison, Nelson, Sussex, and Stafford

10. Technical amendment necessary: No.

11. Other comments:

Generally

Under current law, cities and towns that have general taxing powers in their charters may impose an excise tax on admissions. However, counties are limited in their taxing powers. Only those counties that are authorized by statute may impose the admissions tax, and must do so according to the limitations set forth by statute.

Currently, the counties of Arlington, Brunswick, Culpepper, Dinwiddie, Fairfax, New Kent, and Prince George are authorized to levy a tax on admissions at a maximum rate of ten percent. Beginning July 1, 2014, Stafford County has limited authority to levy an admissions tax on admissions to an entertainment venue located in Stafford that: 1) first becomes licensed to do business in the county on or after July 1, 2013; and 2) requires at least 75 acres of land purchased or leased by the entertainment venue owner on or after June 1, 2013. In addition, the counties of Charlotte, Clarke, Madison, Nelson, and Sussex may levy an admissions tax on admissions charged for attendance at spectator events, but are prohibited from levying the tax upon participants in order to participate in an event. Scott County may levy a \$0.25 tax on each patron admitted to an off-track horse race wagering facility.

Virginia law classifies events to which admissions are charged according to five groups, which include: 1) events from which gross receipts are dedicated entirely to charitable purposes; 2) admissions charged for events sponsored by public and private educational institutions; 3) admissions charged for entry into museums, botanical or similar gardens, and zoos; 4) admissions charged for sporting events; 5) admissions charged for entry into major league baseball games and events at any major league baseball stadium which has seating for at least 40,000 persons; and 6) all other admissions.

Each of the counties authorized to impose an admissions tax must do so by ordinance. Localities have the authority to tax each class of admissions with the same or with a different tax rate. Additionally, counties may elect not to levy the tax for events that are conducted solely to raise money for charitable purposes, provided the proceeds of the event are transferred to an entity that qualifies for exemption from the state Retail Sales and Use Tax.

Proposal

This bill would authorize all counties to levy an admissions tax at a maximum rate of ten percent upon admission charges for all events. The bill would also remove the limitations

on the admissions tax that are imposed upon the counties of Charlotte, Clark, Madison, Nelson, Sussex and Stafford.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 1/18/2015 KP
DLAS File Name: SB774F161