

DEPARTMENT OF TAXATION

2017 Fiscal Impact Statement

1. **Patron** Robert S. Bloxom, Jr.

2. **Bill Number** HB 1681

3. **Committee** Senate Finance

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Transient Occupancy Tax; State Parks.

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would authorize the imposition of the local transient occupancy tax in state parks under the control of the Department of Conservation and Recreation (DCR).

Under current law, any county may impose a transient occupancy tax at a maximum rate of two percent 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:** Yes.

Item 366, (lines 23, 25, and 27) Department of Conservation and Recreation

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

7a. **Expenditure Impact:**

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|---------------------------|-----------------------|-------------------------|--------------------|
| [2016-17] | \$0 | 0 | GF |
| [2017-18] | \$78,090 | 1 | GF |
| [2018-19] | \$78,090 | 1 | GF |
| [2019-20] | \$78,090 | 1 | GF |
| [2020-21] | \$78,090 | 1 | GF |
| [2021-22] | \$78,090 | 1 | GF |
| [2022-23] | \$78,090 | 1 | GF |

8. **Fiscal implications:**

Administrative Costs

The estimated administrative costs for the Department of Conservation and Recreation (DCR) to administer this bill would be \$78,090 annually. DCR would require a full time classified position to manage the tax collection, accounting and distribution process. This position would manage DCR's point of sale system, and the collection, accounting and distribution of the transient occupancy tax revenue in accordance with the tax rate for each locality.

Revenue Impact

This bill would increase local revenues by an unknown amount for those localities that choose to impose the transient occupancy tax on state parks under the control of DCR. Currently, there are 37 parks in Virginia, all of which are under the control of DCR.

This bill would have no impact on state revenues.

9. Specific agency or political subdivisions affected:

All localities that encompass state parks under the control of the Department of Conservation and Recreation

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 transient occupancy 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. In 2015, 77 towns and 37 cities reported levying a transient occupancy tax.

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: Accomack, Albemarle, Allegheny, Amherst, Augusta, Bedford, Bland, Botetourt, Brunswick, Campbell, Caroline, Carroll, Craig, Cumberland, Dickinson, Dinwiddie, Floyd, Franklin, Frederick, Giles, Gloucester, Grayson, Greene, Greenville, Halifax, Highland, Isle of Wight, James City, King George, Loudoun, Madison, Mecklenburg, Montgomery, Nelson, Northampton, Page, Patrick, Prince Edward, Prince George, Prince William, Pulaski, Rockbridge, Smyth, Spotsylvania, Stafford, Tazewell,

Washington, Wise, Wythe and York. 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.

Publicly Owned Facilities

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 in state parks under the control of the Department of Conservation and Recreation.

The effective date of this bill is not specified.

Similar Legislation

House Bill 1415 authorizes Goochland, Powhatan, and Warren Counties to impose the local transient occupancy tax at a maximum rate of five percent.

cc : Secretary of Finance

Date: 1/27/2017 VB
HB1681FE161