DEPARTMENT OF TAXATION
2017 Fiscal Impact Statement

1. Patron Charles W. Carrico, Sr.

2. Bill Number SB 1320

House of Origin:
X **Introduced**
_____ **Substitute**
_____ **Engrossed**

3. Committee Senate Finance

4. Title Admissions Tax in Washington County

Second House:
_____ **In Committee**
_____ **Substitute**
_____ **Enrolled**

5. Summary/Purpose:

This bill would authorize Washington County to impose an admissions tax of up to ten percent on a multi-sports complex and entertainment venue within the county that is located on all or part of a parcel of land or on adjacent parcels of land, containing at least 250 acres and that is in business on or before June 30, 2027. The provisions of the bill would expire on July 1, 2027 if no such multi-sports complex and entertainment venue is in business in Washington County on or before June 30, 2027.

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:

Administrative Cost

Washington County may incur an unknown administrative cost if it chooses to impose the admissions tax.

Revenue Impact

Washington County will experience an unknown positive revenue impact if it chooses to impose the admissions tax on its multi-sports complex and entertainment venue. The revenue impact is unknown because it cannot be determined at what rate Washington

County will choose to impose the tax and what the attendance will be at the multi-sports complex and entertainment venue once collection begins.

For reference, Bristol city is the only locality adjacent to Washington County that currently imposes an admissions tax and Bristol collected $99,969 from its five percent tax in 2014. During that year, Bristol had a population of 17,690, whereas Washington County had a population of 54,943.

This bill would have no impact on state revenues.

9. Specific agency or political subdivisions affected: Washington County

10. Technical amendment necessary: No.

11. Other comments:

Admissions Tax 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.

According to the most recent available data, 17 cities, 3 counties, and 4 towns currently impose an admissions tax. Admissions tax collection totaled $16.85 million in FY 2015.

Proposal

This bill would authorize Washington County to impose an admissions tax of up to ten percent on a multi-sports complex and entertainment venue within the county that is located on all or part of a parcel of land or on adjacent parcels of land, containing at least 250 acres and that is in business on or before June 30, 2027. The provisions of the bill would expire on July 1, 2027 if no such multi-sports complex and entertainment venue is in business in Washington County on or before June 30, 2027.

cc : Secretary of Finance

Date: 1/21/2017 VB
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