

DEPARTMENT OF TAXATION

2018 Fiscal Impact Statement

1. **Patron** Charles W. Carrico, Sr.
3. **Committee** Senate Finance
4. **Title** Admissions Tax in Wythe County

2. **Bill Number** SB 501
House of Origin:
 X **Introduced**
 Substitute
 Engrossed
- Second House:**
 In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would authorize Wythe County to impose an admissions tax of up to ten percent on events held on the grounds of any exposition center in the county that (i) has an indoor arena seating at least 3,000 persons in addition to an outdoor multipurpose space, and (ii) is located on all or part of a parcel of land or adjacent parcels of land containing at least 90 acres. The Wythe County Board of Supervisors would be required to prescribe, by ordinance, the terms, conditions, and amount of the tax and would be permitted to classify between events held for charitable and non-charitable purposes.

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, Stafford, and Washington 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

Wythe County could incur an unknown administrative cost if it chooses to impose the admissions tax.

Revenue Impact

Wythe County would experience an unknown positive revenue impact if it chooses to impose the admissions tax on an eligible venue. The revenue impact is unknown

because it cannot be determined at what rate Wythe County would choose to impose the tax and what the attendance would be at the eligible venue once collection begins.

This bill would have no impact on state revenues.

9. Specific agency or political subdivisions affected:

Wythe 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. Washington County may levy an admissions tax of up to 10 percent for admissions to a future multi-sports complex and entertainment venue.

Virginia law classifies events to which admissions are charged according to six 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 rate 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, 16 cities, 3 counties, and 4 towns currently impose an admissions tax. Admissions tax collection totaled \$20.47 million in FY 2016.

Proposal

This bill would authorize Wythe County to impose an admissions tax of up to ten percent on events held on the grounds of any exposition center in the county that (i) has an indoor arena seating at least 3,000 persons in addition to an outdoor multipurpose space, and (ii) is located on all or part of a parcel of land or adjacent parcels of land containing at least 90 acres. The Wythe County Board of Supervisors would be required to prescribe, by ordinance, the terms, conditions, and amount of the tax and would be permitted to classify between events held for charitable and non-charitable purposes.

The effective date of this bill is not specified.

Similar Legislation

House Bill 369 is substantively identical to this bill.

cc : Secretary of Finance

Date: 1/13/2018 VB
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