

DEPARTMENT OF TAXATION

2019 Fiscal Impact Statement

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

3. **Committee** House Finance

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

2. **Bill Number** HB 1778

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 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 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. Publicly-owned accommodation providers, such as state agencies, are not subject to local transient occupancy taxes in counties, cities, or towns.

If enacted during the 2019 Regular Session of the General Assembly, this bill would become effective July 1, 2019.

6. **Budget amendment necessary:** Yes.

Item 364, Department of Conservation and Recreation

7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

7a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018-19	\$0	0	GF
2019-20	\$88,090	1	GF
2020-21	\$88,090	1	GF
2021-22	\$88,090	1	GF
2022-23	\$88,090	1	GF
2023-24	\$88,090	1	GF
2024-25	\$88,090	1	GF

8. Fiscal implications:

Administrative Costs

The estimated administrative costs for DCR to administer this bill would be \$88,090 annually beginning in Fiscal Year 2020. 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 state 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:

Department of Conservation and Recreation

All localities that encompass state parks under the control of DCR

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.

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, Goochland, Grayson, Greene, Greenville, Halifax, Highland, Isle of Wight, James City, King George, Loudoun, Madison, Mecklenburg, Montgomery, Nelson, Northampton, Page, Patrick, Powhatan, Prince Edward, Prince George, Prince William, Pulaski, Rockbridge, Smyth, Spotsylvania,

Stafford, Tazewell, Warren, 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 indicated 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.

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cc : Secretary of Finance

Date: 1/11/2019 VB
DLAS File Name: HB1778F161