

DEPARTMENT OF TAXATION

2020 Fiscal Impact Statement

1. **Patron** Amanda E. Batten

3. **Committee** House Finance

4. **Title** State Sales and Use Tax in the Historic Triangle; Referendum

2. **Bill Number** HB 1270

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would require that, unless approved in a referendum held and adopted within the City of Williamsburg and the Counties of James City and York, the additional one percent sales and use tax in the Historic Triangle Region enacted by 2018 *Acts of Assembly*, Chapter 850 will expire on July 1, 2026.

Under current law, the additional one percent sales and use tax in the Historic Triangle Region is not subject to approval by referendum. However, it will expire if any of the three localities reinstate any of the repealed higher rates on transient occupancy, food and beverage, or admission taxes prior to January 1, 2026.

If enacted during the 2020 Regular Session of the General Assembly, this bill would become effective July 1, 2020.

6. **Budget amendment necessary:** No.

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

8. Fiscal implications:

This bill would have no impact on state or local revenues or administrative costs until Fiscal Year 2027. During Fiscal Year 2019, the first full year in which the tax was collected, the additional one percent sales tax in the Historic Triangle generated \$20.4 million in revenue.

9. Specific agency or political subdivisions affected:

City of Williamsburg
Counties of James City and York

10. **Technical amendment necessary:** No.

11. Other comments:

Additional Sales and Use Tax in the Historic Triangle

Chapter 850 of the 2018 *Acts of Assembly* imposed an additional one percent sales and use tax in the “Historic Triangle” region, defined as the City of Williamsburg and the Counties of James City and York. Food for human consumption is subject to the additional tax.

Fifty percent of the revenues generated by the tax are allocated to the Tourism Council of the Greater Williamsburg Chamber and Tourism Alliance to market, promote, and advertise the Historic Triangle as a tourism destination. The other fifty percent is distributed to the localities in which the revenues were collected.

Along with enacting the additional tax, the law change repealed the authority of these localities to impose the \$2 transient occupancy tax used to promote tourism in the area. The provisions of the legislation were contingent on the City of Williamsburg repealing ordinances raising its local transient occupancy, food and beverage, and admission taxes and will expire if any of the localities within the Historic Triangle reinstate any such taxes prior to January 1, 2026. The localities undertook the necessary steps to allow for the tax to be collected beginning July 1, 2018.

Proposal

This bill would require that, unless approved in a referendum held and adopted within the City of Williamsburg and the Counties of James City and York, the additional one percent sales and use tax in the Historic Triangle Region enacted by 2018 *Acts of Assembly*, Chapter 850 will expire on July 1, 2026.

If enacted during the 2020 Regular Session of the General Assembly, this bill would become effective July 1, 2020.

Similar Legislation

Senate Bill 254 would eliminate the additional one percent sales tax if Williamsburg, James City County, and York County do not each allocate 10 percent of the revenues received from the Historic Triangle sales and use tax for the planning and construction of a shared sports facility by July 1, 2021.

cc : Secretary of Finance

Date: 1/11/2020 VB
HB1270F161