

DEPARTMENT OF TAXATION

2021 Fiscal Impact Statement

1. **Patron** Scott Wyatt

2. **Bill Number** HB 1939

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Food and Beverage Tax and Meals Tax;
Single-serving Salads

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would clarify that the term “single-serving” for purposes of local meals or food and beverage taxes has the same meaning as “serving” or “serving size” as those terms are defined in the Code of Federal Regulations.

Under current law, single-serving salads consisting primarily of an assortment of vegetables are taxable under local food and beverage and meals taxes.

If enacted during the regular session of the 2021 General Assembly, this bill would become effective July 1, 2021.

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

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

8. Fiscal implications:

Administrative Costs

This bill could result in unknown administrative costs to localities. It would have no impact on state administrative costs.

Revenue Impact

This bill could have an unknown revenue impact on localities. It would have no impact on state revenues.

9. Specific agency or political subdivisions affected:

All localities

10. **Technical amendment necessary:** No

11. Other comments:

County Food and Beverages Tax

Every county is authorized to levy a tax on food and beverages sold for human consumption by a restaurant at a maximum rate of six percent of the amount charged for such food and beverages.

Legislation passed during the regular session of the 2020 General Assembly removed the requirement of a local referendum as a prerequisite to the imposition of a county food and beverage tax.

City Meals Tax

Every city or town having general taxing powers is authorized to impose a local meals tax.

Prepared Foods

The local food and beverage and meals taxes generally do not apply to food purchased for home consumption based on the federal Food Stamp definition of “food.” Legislation in the 2000 session of the General Assembly excluded certain items from this exemption, allowing the taxes to be levied on the following items: sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads consisting primarily of an assortment of vegetables, and non-factory sealed beverages.

Proposal

This bill would clarify that the term “single-serving” for purposes of local meals or food and beverage taxes has the same meaning as “serving” or “serving size” as those terms are defined in the Code of Federal Regulations, which states:

The term serving or serving size means an amount of food customarily consumed per eating occasion by persons 4 years of age or older which is expressed in a common household measure that is appropriate to the food.

If enacted during the regular session of the 2021 General Assembly, this bill would become effective July 1, 2021.

cc : Secretary of Finance

Date: 1/14/2021 SK
HB1939F161