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**SENATE BILL NO. 1398**  
**FLOOR AMENDMENT IN THE NATURE OF A SUBSTITUTE**  
 (Proposed by Senator Norment  
 on February 4, 2021)

(Patron Prior to Substitute—Senator Norment)

*A BILL to amend and reenact §§ 58.1-602, 58.1-603, as it is currently effective and as it may become effective, 58.1-3819, as it shall become effective, 58.1-3819.1, 58.1-3823, as it shall become effective, 58.1-3824, 58.1-3825, 58.1-3825.2, 58.1-3825.3, as it shall become effective, 58.1-3826, 58.1-3842, and 58.1-3843 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 2.2-2320.2 and 58.1-612.2 and by adding in Article 6 of Chapter 38 of Title 58.1 a section numbered 58.1-3818.8, relating to retail sales and transient occupancy taxes on room rentals.*

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 58.1-602, 58.1-603, as it is currently effective and as it may become effective, 58.1-3819, as it shall become effective, 58.1-3819.1, 58.1-3823, as it shall become effective, 58.1-3824, 58.1-3825, 58.1-3825.2, 58.1-3825.3, as it shall become effective, 58.1-3826, 58.1-3842, and 58.1-3843 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 2.2-2320.2 and 58.1-612.2 and by adding in Article 6 of Chapter 38 of Title 58.1 a section numbered 58.1-3818.8 as follows:**

**§ 2.2-2320.2. *Tourism promotion grants.***

**A. As used in this section:**

*"Promoting tourism" means activities and expenditures designed to increase tourism in Virginia, including (i) advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; (ii) developing strategies to expand tourism; (iii) funding the promotion or marketing operations of a tourism entity; and (iv) funding marketing and operations of special events and festivals designed to attract tourists.*

*"Tourism entity" means a locality, a destination marketing organization, or a regional attractions marketing agency.*

*B. For each fiscal year, an amount estimated to be equal to the amount of revenue raised by all state taxes imposed under Chapter 6 (§ 58.1-600 et seq.) of Title 58.1 on accommodations fees, as defined in § 58.1-602, shall be appropriated to the Authority for the purpose of providing grants to promote tourism pursuant to the provisions of this section. The amount of grants available under the program for a fiscal year shall be limited to the amount appropriated under this subsection.*

*C. The Authority shall administer a program to provide grants to tourism entities for the purpose of promoting tourism in Virginia. To be eligible for a grant, a tourism entity shall demonstrate that its proposed use of the grant will have a positive and significant impact on tourism in Virginia. Grants shall be subject to the following restrictions:*

*1. No more than 50 percent of the funds available for a fiscal year shall be distributed for the purposes of promotion or marketing operations of a tourism entity or for special events or grants.*

*2. Funding for the promotion or marketing operations of a tourism entity, special events, or grants shall require a 50 percent cash or in-kind match from the grant recipient.*

*3. Recipients located in the same qualifying region, as defined in § 2.2-2484, shall not be awarded more than 20 percent, in the aggregate of all grants awarded within such region, of the total funds available for a fiscal year.*

*4. A single recipient of funding under this section shall not be awarded more than 15 percent of the total funds available for a fiscal year. This subdivision shall not apply to contracts entered into by the Authority for statewide tourism promotion or marketing.*

*5. Funds available for disbursement shall not be used for capital projects or for the design, construction, rehabilitation, repair, installation, or purchase of any building, structure, or sign in Virginia.*

*D. The Authority shall promulgate guidelines and regulations as it deems necessary to implement this section.*

**§ 58.1-602. Definitions.**

**As used in this chapter, unless the context clearly shows otherwise:**

*"Accommodations" means any room or rooms, lodgings, or accommodations in any hotel, motel, inn, tourist camp, tourist cabin, camping grounds, club, or any other place in which rooms, lodging, space, or accommodations are regularly furnished to transients for a consideration.*

*"Accommodations fee" means the room charge less the discount room charge, if any, provided that the accommodations fee shall not be less than \$0.*

*"Accommodations intermediary" means any person other than an accommodations provider that*

facilitates the sale of an accommodation, charges a room charge to the customer, and charges an accommodations fee to the customer, which fee it retains as compensation for facilitating the sale. For purposes of this definition, "facilitates the sale" includes brokering, coordinating, or in any other way arranging for the purchase of the right to use accommodations via a transaction directly, including via one or more payment processors, between a customer and an accommodations provider.

"Accommodations intermediary" does not include a person:

1. If the accommodations are provided by an accommodations provider operating under a trademark, trade name, or service mark belonging to such person; or

2. Who facilitates the sale of an accommodation if (i) the price paid by the customer to such person is equal to the price paid by such person to the accommodations provider for the use of the accommodations and (ii) the only compensation received by such person for facilitating the sale of the accommodation is a commission paid from the accommodations provider to such person.

"Accommodations provider" means any person that furnishes accommodations to the general public for compensation. The term "furnishes" includes the sale of use or possession or the sale of the right to use or possess.

"Advertising" means the planning, creating, or placing of advertising in newspapers, magazines, billboards, broadcasting and other media, including, without limitation, the providing of concept, writing, graphic design, mechanical art, photography and production supervision. Any person providing advertising as defined in this section shall be deemed to be the user or consumer of all tangible personal property purchased for use in such advertising.

"Affiliate" means the same as such term is defined in § 58.1-439.18.

"Amplification, transmission and distribution equipment" means, but is not limited to, production, distribution, and other equipment used to provide Internet-access services, such as computer and communications equipment and software used for storing, processing and retrieving end-user subscribers' requests.

"Business" includes any activity engaged in by any person, or caused to be engaged in by him, with the object of gain, benefit or advantage, either directly or indirectly.

"Cost price" means the actual cost of an item or article of tangible personal property computed in the same manner as the sales price as defined in this section without any deductions therefrom on account of the cost of materials used, labor, or service costs, transportation charges, or any expenses whatsoever.

"Custom program" means a computer program that is specifically designed and developed only for one customer. The combining of two or more prewritten programs does not constitute a custom computer program. A prewritten program that is modified to any degree remains a prewritten program and does not become custom.

"Discount room charge" means the full amount charged by the accommodations provider to the accommodations intermediary, or an affiliate thereof, for furnishing the accommodations.

"Distribution" means the transfer or delivery of tangible personal property for use, consumption, or storage by the distributee, and the use, consumption, or storage of tangible personal property by a person that has processed, manufactured, refined, or converted such property, but does not include the transfer or delivery of tangible personal property for resale or any use, consumption, or storage otherwise exempt under this chapter.

"Gross proceeds" means the charges made or voluntary contributions received for the lease or rental of tangible personal property or for furnishing services, computed with the same deductions, where applicable, as for sales price as defined in this section over the term of the lease, rental, service, or use, but not less frequently than monthly. "Gross proceeds" does not include finance charges, carrying charges, service charges, or interest from credit extended on the lease or rental of tangible personal property under conditional lease or rental contracts or other conditional contracts providing for the deferred payments of the lease or rental price.

"Gross sales" means the sum total of all retail sales of tangible personal property or services as defined in this chapter, without any deduction, except as provided in this chapter. "Gross sales" does not include the federal retailers' excise tax or the federal diesel fuel excise tax imposed in § 4091 of the Internal Revenue Code if the excise tax is billed to the purchaser separately from the selling price of the article, or the Virginia retail sales or use tax, or any sales or use tax imposed by any county or city under § 58.1-605 or 58.1-606.

"Import" and "imported" are words applicable to tangible personal property imported into the Commonwealth from other states as well as from foreign countries, and "export" and "exported" are words applicable to tangible personal property exported from the Commonwealth to other states as well as to foreign countries.

"In this Commonwealth" or "in the Commonwealth" means within the limits of the Commonwealth of Virginia and includes all territory within these limits owned by or ceded to the United States of America.

"Integrated process," when used in relation to semiconductor manufacturing, means a process that

begins with the research or development of semiconductor products, equipment, or processes, includes the handling and storage of raw materials at a plant site, and continues to the point that the product is packaged for final sale and either shipped or conveyed to a warehouse. Without limiting the foregoing, any semiconductor equipment, fuel, power, energy, supplies, or other tangible personal property shall be deemed used as part of the integrated process if its use contributes, before, during, or after production, to higher product quality, production yields, or process efficiencies. Except as otherwise provided by law, "integrated process" does not mean general maintenance or administration.

"Internet" means collectively, the myriad of computer and telecommunications facilities, which comprise the interconnected worldwide network of computer networks.

"Internet service" means a service that enables users to access proprietary and other content, information electronic mail, and the Internet as part of a package of services sold to end-user subscribers.

"Lease or rental" means the leasing or renting of tangible personal property and the possession or use thereof by the lessee or renter for a consideration, without transfer of the title to such property.

"Manufacturing, processing, refining, or conversion" includes the production line of the plant starting with the handling and storage of raw materials at the plant site and continuing through the last step of production where the product is finished or completed for sale and conveyed to a warehouse at the production site, and also includes equipment and supplies used for production line testing and quality control. "Manufacturing" also includes the necessary ancillary activities of newspaper and magazine printing when such activities are performed by the publisher of any newspaper or magazine for sale daily or regularly at average intervals not exceeding three months.

The determination of whether any manufacturing, mining, processing, refining or conversion activity is industrial in nature shall be made without regard to plant size, existence or size of finished product inventory, degree of mechanization, amount of capital investment, number of employees or other factors relating principally to the size of the business. Further, "industrial in nature" includes, but is not limited to, those businesses classified in codes 10 through 14 and 20 through 39 published in the Standard Industrial Classification Manual for 1972 and any supplements issued thereafter.

"Modular building" means, but is not limited to, single and multifamily houses, apartment units, commercial buildings, and permanent additions thereof, comprised of one or more sections that are intended to become real property, primarily constructed at a location other than the permanent site, built to comply with the Virginia Industrialized Building Safety Law (§ 36-70 et seq.) as regulated by the Virginia Department of Housing and Community Development, and shipped with most permanent components in place to the site of final assembly. For purposes of this chapter, "modular building" does not include a mobile office as defined in § 58.1-2401 or any manufactured building subject to and certified under the provisions of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. § 5401 et seq.).

"Modular building manufacturer" means a person that owns or operates a manufacturing facility and is engaged in the fabrication, construction and assembling of building supplies and materials into modular buildings, as defined in this section, at a location other than at the site where the modular building will be assembled on the permanent foundation and may or may not be engaged in the process of affixing the modules to the foundation at the permanent site.

"Modular building retailer" means any person that purchases or acquires a modular building from a modular building manufacturer, or from another person, for subsequent sale to a customer residing within or outside of the Commonwealth, with or without installation of the modular building to the foundation at the permanent site.

"Motor vehicle" means a "motor vehicle" as defined in § 58.1-2401, taxable under the provisions of the Virginia Motor Vehicles Sales and Use Tax Act (§ 58.1-2400 et seq.) and upon the sale of which all applicable motor vehicle sales and use taxes have been paid.

"Occasional sale" means a sale of tangible personal property not held or used by a seller in the course of an activity for which it is required to hold a certificate of registration, including the sale or exchange of all or substantially all the assets of any business and the reorganization or liquidation of any business, provided that such sale or exchange is not one of a series of sales and exchanges sufficient in number, scope and character to constitute an activity requiring the holding of a certificate of registration.

"Open video system" means an open video system authorized pursuant to 47 U.S.C. § 573 and, for purposes of this chapter only, also includes Internet service regardless of whether the provider of such service is also a telephone common carrier.

"Person" includes any individual, firm, copartnership, cooperative, nonprofit membership corporation, joint venture, association, corporation, estate, trust, business trust, trustee in bankruptcy, receiver, auctioneer, syndicate, assignee, club, society, or other group or combination acting as a unit, body politic or political subdivision, whether public or private, or quasi-public, and the plural of "person"

183 means the same as the singular.

184 "Prewritten program" means a computer program that is prepared, held or existing for general or  
185 repeated sale or lease, including a computer program developed for in-house use and subsequently sold  
186 or leased to unrelated third parties.

187 "Qualifying locality" means Charlotte County, Gloucester County, Halifax County, Henry County,  
188 Mecklenburg County, Northampton County, Patrick County, Pittsylvania County, or the City of Danville.

189 "Railroad rolling stock" means locomotives, of whatever motive power, autocars, railroad cars of  
190 every kind and description, and all other equipment determined by the Tax Commissioner to constitute  
191 railroad rolling stock.

192 "Remote seller" means any dealer deemed to have sufficient activity within the Commonwealth to  
193 require registration under § 58.1-613 under the criteria specified in subdivision C 10 or 11 of § 58.1-612  
194 or any software provider acting on behalf of such dealer.

195 "Retail sale" or a "sale at retail" means a sale to any person for any purpose other than for resale in  
196 the form of tangible personal property or services taxable under this chapter, and shall include any such  
197 transaction as the Tax Commissioner upon investigation finds to be in lieu of a sale. All sales for resale  
198 must be made in strict compliance with regulations applicable to this chapter. Any dealer making a sale  
199 for resale which is not in strict compliance with such regulations shall be personally liable for payment  
200 of the tax.

201 The terms "retail sale" and a "sale at retail" specifically include the following: (i) the sale or charges  
202 for any ~~room or rooms, lodgings, or accommodations~~ furnished to transients for less than 90 continuous  
203 days by any ~~hotel, motel, inn, tourist camp, tourist cabin, camping grounds, club, or any other place in~~  
204 ~~which rooms, lodging, space, or accommodations are regularly furnished to transients for a~~  
205 ~~consideration~~; (ii) sales of tangible personal property to persons for resale when because of the operation  
206 of the business, or its very nature, or the lack of a place of business in which to display a certificate of  
207 registration, or the lack of a place of business in which to keep records, or the lack of adequate records,  
208 or because such persons are minors or transients, or because such persons are engaged in essentially  
209 service businesses, or for any other reason there is likelihood that the Commonwealth will lose tax funds  
210 due to the difficulty of policing such business operations; (iii) the separately stated charge made for  
211 automotive refinish repair materials that are permanently applied to or affixed to a motor vehicle during  
212 its repair; and (iv) the separately stated charge for equipment available for lease or purchase by a  
213 provider of satellite television programming to the customer of such programming. Equipment sold to a  
214 provider of satellite television programming for subsequent lease or purchase by the customer of such  
215 programming shall be deemed a sale for resale. The Tax Commissioner is authorized to promulgate  
216 regulations requiring vendors of or sellers to such persons to collect the tax imposed by this chapter on  
217 the cost price of such tangible personal property to such persons and may refuse to issue certificates of  
218 registration to such persons. The terms "retail sale" and a "sale at retail" also specifically include the  
219 separately stated charge made for supplies used during automotive repairs whether or not there is  
220 transfer of title or possession of the supplies and whether or not the supplies are attached to the  
221 automobile. The purchase of such supplies by an automotive repairer for sale to the customer of such  
222 repair services shall be deemed a sale for resale.

223 The term "transient" does not include a purchaser of camping memberships, time-shares,  
224 condominiums, or other similar contracts or interests that permit the use of, or constitute an interest in,  
225 real estate, however created or sold and whether registered with the Commonwealth or not. Further, a  
226 purchaser of a right or license which entitles the purchaser to use the amenities and facilities of a  
227 specific real estate project on an ongoing basis throughout its term shall not be deemed a transient,  
228 provided, however, that the term or time period involved is for seven years or more.

229 The terms "retail sale" and "sale at retail" do not include a transfer of title to tangible personal  
230 property after its use as tools, tooling, machinery or equipment, including dies, molds, and patterns, if (i)  
231 at the time of purchase, the purchaser is obligated, under the terms of a written contract, to make the  
232 transfer and (ii) the transfer is made for the same or a greater consideration to the person for whom the  
233 purchaser manufactures goods.

234 "Retailer" means every person engaged in the business of making sales at retail, or for distribution,  
235 use, consumption, or storage to be used or consumed in the Commonwealth.

236 "Room charge" means the full retail price charged to the customer by the accommodations  
237 intermediary for the use of the accommodations, including any accommodations fee, before taxes. The  
238 room charge shall be determined in accordance with 23VAC10-210-730 and the related rulings of the  
239 Department on the same.

240 "Sale" means any transfer of title or possession, or both, exchange, barter, lease or rental, conditional  
241 or otherwise, in any manner or by any means whatsoever, of tangible personal property and any  
242 rendition of a taxable service for a consideration, and includes the fabrication of tangible personal  
243 property for consumers who furnish, either directly or indirectly, the materials used in fabrication, and  
244 the furnishing, preparing, or serving for a consideration of any tangible personal property consumed on

the premises of the person furnishing, preparing, or serving such tangible personal property. A transaction whereby the possession of property is transferred but the seller retains title as security for the payment of the price shall be deemed a sale.

"Sales price" means the total amount for which tangible personal property or services are sold, including any services that are a part of the sale, valued in money, whether paid in money or otherwise, and includes any amount for which credit is given to the purchaser, consumer, or lessee by the dealer, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, losses or any other expenses whatsoever. "Sales price" does not include (i) any cash discount allowed and taken; (ii) finance charges, carrying charges, service charges or interest from credit extended on sales of tangible personal property under conditional sale contracts or other conditional contracts providing for deferred payments of the purchase price; (iii) separately stated local property taxes collected; (iv) that portion of the amount paid by the purchaser as a discretionary gratuity added to the price of a meal; or (v) that portion of the amount paid by the purchaser as a mandatory gratuity or service charge added by a restaurant to the price of a meal, but only to the extent that such mandatory gratuity or service charge does not exceed 20 percent of the price of the meal. Where used articles are taken in trade, or in a series of trades as a credit or part payment on the sale of new or used articles, the tax levied by this chapter shall be paid on the net difference between the sales price of the new or used articles and the credit for the used articles.

"Semiconductor cleanrooms" means the integrated systems, fixtures, piping, partitions, flooring, lighting, equipment, and all other property used to reduce contamination or to control airflow, temperature, humidity, vibration, or other environmental conditions required for the integrated process of semiconductor manufacturing.

"Semiconductor equipment" means (i) machinery or tools or repair parts or replacements thereof; (ii) the related accessories, components, pedestals, bases, or foundations used in connection with the operation of the equipment, without regard to the proximity to the equipment, the method of attachment, or whether the equipment or accessories are affixed to the realty; (iii) semiconductor wafers and other property or supplies used to install, test, calibrate or recalibrate, characterize, condition, measure, or maintain the equipment and settings thereof; and (iv) equipment and supplies used for quality control testing of product, materials, equipment, or processes; or the measurement of equipment performance or production parameters regardless of where or when the quality control, testing, or measuring activity takes place, how the activity affects the operation of equipment, or whether the equipment and supplies come into contact with the product.

"Storage" means any keeping or retention of tangible personal property for use, consumption or distribution in the Commonwealth, or for any purpose other than sale at retail in the regular course of business.

"Tangible personal property" means personal property that may be seen, weighed, measured, felt, or touched, or is in any other manner perceptible to the senses. "Tangible personal property" does not include stocks, bonds, notes, insurance or other obligations or securities. "Tangible personal property" includes (i) telephone calling cards upon their initial sale, which shall be exempt from all other state and local utility taxes, and (ii) manufactured signs.

"Use" means the exercise of any right or power over tangible personal property incident to the ownership thereof, except that it does not include the sale at retail of that property in the regular course of business. "Use" does not include the exercise of any right or power, including use, distribution, or storage, over any tangible personal property sold to a nonresident donor for delivery outside of the Commonwealth to a nonresident recipient pursuant to an order placed by the donor from outside the Commonwealth via mail or telephone. "Use" does not include any sale determined to be a gift transaction, subject to tax under § 58.1-604.6.

"Use tax" refers to the tax imposed upon the use, consumption, distribution, and storage as defined in this section.

"Used directly," when used in relation to manufacturing, processing, refining, or conversion, refers to those activities that are an integral part of the production of a product, including all steps of an integrated manufacturing or mining process, but not including ancillary activities such as general maintenance or administration. When used in relation to mining, "used directly" refers to the activities specified in this definition and, in addition, any reclamation activity of the land previously mined by the mining company required by state or federal law.

"Video programmer" means a person that provides video programming to end-user subscribers.

"Video programming" means video and/or information programming provided by or generally considered comparable to programming provided by a cable operator, including, but not limited to, Internet service.

#### **§ 58.1-603. (Contingent expiration date) Imposition of sales tax.**

There is hereby levied and imposed, in addition to all other taxes and fees of every kind now

imposed by law, a license or privilege tax upon every person who engages in the business of selling at retail or distributing tangible personal property in this Commonwealth, or who rents or furnishes any of the things or services taxable under this chapter, or who stores for use or consumption in this Commonwealth any item or article of tangible personal property as defined in this chapter, or who leases or rents such property within this Commonwealth, in the amount of 4.3 percent:

1. Of the gross sales price of each item or article of tangible personal property when sold at retail or distributed in this Commonwealth.

2. Of the gross proceeds derived from the lease or rental of tangible personal property, where the lease or rental of such property is an established business, or part of an established business, or the same is incidental or germane to such business.

3. Of the cost price of each item or article of tangible personal property stored in this Commonwealth for use or consumption in this Commonwealth.

4. Of the gross proceeds derived from the sale or charges for ~~rooms, lodgings or~~ accommodations furnished to transients as set out in the definition of "retail sale" in § 58.1-602.

5. Of the gross sales of any services that are expressly stated as taxable within this chapter.

**§ 58.1-603. (Contingent effective date) Imposition of sales tax.**

There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a license or privilege tax upon every person who engages in the business of selling at retail or distributing tangible personal property in this Commonwealth, or who rents or furnishes any of the things or services taxable under this chapter, or who stores for use or consumption in this Commonwealth any item or article of tangible personal property as defined in this chapter, or who leases or rents such property within this Commonwealth, in the amount of three and one-half percent through midnight on July 31, 2004, and four percent beginning on and after August 1, 2004:

1. Of the gross sales price of each item or article of tangible personal property when sold at retail or distributed in this Commonwealth.

2. Of the gross proceeds derived from the lease or rental of tangible personal property, where the lease or rental of such property is an established business, or part of an established business, or the same is incidental or germane to such business.

3. Of the cost price of each item or article of tangible personal property stored in this Commonwealth for use or consumption in this Commonwealth.

4. Of the gross proceeds derived from the sale or charges for ~~rooms, lodgings or~~ accommodations furnished to transients as set out in the definition of "retail sale" in § 58.1-602.

5. Of the gross sales of any services which are expressly stated as taxable within this chapter.

**§ 58.1-612.2. Tax collectible from accommodations providers and intermediaries.**

*A. For any retail sale of accommodations not facilitated by an accommodations intermediary, the accommodations provider shall collect the retail sales and use taxes imposed in accordance with this chapter, computed on the total charges for the accommodations, and shall remit the same to the Department and shall be liable for the same.*

*B. For any retail sale of accommodations facilitated by an accommodations intermediary, the accommodations intermediary shall be deemed under this chapter as a dealer making a retail sale of an accommodation. The accommodations intermediary shall collect the retail sales and use taxes imposed in accordance with this chapter, computed on the room charge. When the accommodations are at a hotel, the accommodations intermediary shall remit the taxes on the accommodations fee to the Department and shall remit any remaining taxes to the hotel, which shall remit such taxes to the Department. When the accommodations are at a short-term rental, as defined in § 15.2-983, or at any other accommodations, the accommodations intermediary shall remit the taxes on the room charge to the Department.*

*C. An accommodations intermediary shall not be liable for retail sales and use taxes remitted to an accommodations provider but that are not then remitted to the Department by the accommodations provider. For any retail sale of accommodations facilitated by an accommodations intermediary, an accommodations provider shall be liable for that portion of retail sales and use taxes that relates to the discount room charge only to the extent that the accommodations intermediary has remitted such taxes to the accommodations provider.*

*D. For any retail sale of accommodations facilitated by an accommodations intermediary, nothing herein shall relieve the accommodations provider from liability for retail sales and use taxes on any amounts charged directly to the customer by the accommodations provider that are not collected by the accommodations intermediary.*

*E. For any retail sale of accommodations not facilitated by an accommodations intermediary, the accommodations provider shall separately state the amount of the tax on the bill, invoice, or similar documentation and shall add the tax to the total charges charged to the transient by the accommodations provider. For any retail sale of accommodations facilitated by an accommodations intermediary, the accommodations intermediary shall separately state the amount of the tax on the bill,*

invoice, or similar documentation and shall add the tax to the room charge; thereafter, such tax shall be a debt from the customer to the accommodations intermediary, recoverable at law in the same manner as other debts.

**§ 58.1-3818.8. Definitions.**

As used in this article, unless the context requires a different meaning:

"Accommodations" means any room or space for which tax is imposed on the retail sale of the same pursuant to this article.

"Accommodations fee" means the same as such term is defined in § 58.1-602.

"Accommodations intermediary" means the same as such term is defined in § 58.1-602.

"Accommodations provider" means the same as such term is defined in § 58.1-602.

"Affiliate" means the same as such term is defined in § 58.1-439.18.

"Discount room charge" means the same as such term is defined in § 58.1-602.

"Retail sale" means a sale to any person for any purpose other than for resale.

"Room charge" means the same as such term is defined in § 58.1-602.

**§ 58.1-3819. (Effective May 1, 2021) Transient occupancy tax.**

A. 1. Any county, by duly adopted ordinance, may levy a transient occupancy tax on hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms rented out for continuous occupancy for fewer than 30 consecutive days. *The tax shall be imposed on the total price paid by the customer for the use or possession of the room or space occupied in a retail sale.* Such tax shall be in such amount and on such terms as the governing body may, by ordinance, prescribe.

2. Unless otherwise provided in this article, any county that imposes a transient occupancy tax at a rate greater than two percent shall, by ordinance, provide that (i) any excess from a rate over two percent shall be designated and spent solely for such purpose as was authorized under this article prior to January 1, 2020, or (ii) if clause (i) is inapplicable, any excess from a rate over two percent but not exceeding five percent shall be designated and spent solely for tourism and travel, marketing of tourism or initiatives that, as determined after consultation with the local tourism industry organizations, including representatives of lodging properties located in the county, attract travelers to the locality, increase occupancy at lodging properties, and generate tourism revenues in the locality. Unless otherwise provided in this article, for any county that imposes a transient occupancy tax pursuant to this section or an additional transient occupancy tax pursuant to another provision of this article, any excess over five percent, combining the rates of all taxes imposed pursuant to this article, shall not be restricted in its use and may be spent in the same manner as general revenues. If any locality has enacted an additional transient occupancy tax pursuant to subsection C of § 58.1-3823, then the governing body of the locality shall be deemed to have complied with the requirement that it consult with local tourism industry organizations, including lodging properties. If there are no local tourism industry organizations in the locality, the governing body shall hold a public hearing prior to making any determination relating to how to attract travelers to the locality and generate tourism revenues in the locality.

B. The tax imposed hereunder shall not apply to rooms or spaces rented and continuously occupied by the same individual or same group of individuals for 30 or more days in hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms. In addition, that portion of any tax imposed hereunder in excess of two percent shall not apply to travel campgrounds in Stafford County.

C. Nothing herein contained shall affect any authority heretofore granted to any county, city or town to levy such a transient occupancy tax. The county tax limitations imposed pursuant to § 58.1-3711 shall apply to any tax levied under this section, mutatis mutandis.

D. Any county, city or town that requires local hotel and motel businesses, or any class thereof, to collect, account for and remit to such locality a local tax imposed on the consumer may allow such businesses a commission for such service in the form of a deduction from the tax remitted. Such commission shall be provided for by ordinance, which shall set the rate thereof at no less than three percent and not to exceed five percent of the amount of tax due and accounted for. No commission shall be allowed if the amount due was delinquent.

E. All transient occupancy tax collections shall be deemed to be held in trust for the county, city or town imposing the tax.

**§ 58.1-3819.1. Transient occupancy tax; Roanoke County.**

1. Notwithstanding any other provision of law, general or special, and in lieu of any authority to impose a transient occupancy tax in any other provision of law, general or special, Roanoke County may impose a total transient occupancy tax not to exceed seven percent of the ~~amount of the charge for the occupancy of any room or space occupied or for the occupancy of any overnight guest room total price paid by the customer for the use or possession of any room, space, or overnight guest room occupied in a retail sale.~~ The tax imposed hereunder shall not apply to rooms or spaces rented and continuously occupied by the same individual or same group of individuals for 30 or more days.

2. The revenue generated and collected from the two percent tax rate increase shall be designated

and expended solely for advertising the Roanoke metropolitan area as an overnight tourist destination by members of the Roanoke Valley Convention and Visitors Bureau. For purposes of this subsection, "advertising the Roanoke metropolitan area as an overnight tourism destination" means advertising that is intended to attract visitors from a sufficient distance so as to require an overnight stay.

**§ 58.1-3823. (Effective May 1, 2021) Additional transient occupancy tax for certain counties.**

A. Hanover County, Chesterfield County and Henrico County may impose:

1. An additional transient occupancy tax not to exceed four percent of the ~~amount of the charge for the occupancy of any room or space occupied~~ *total price paid by the customer for the use or possession of any room or space occupied in a retail sale*. The tax imposed hereunder shall not apply to rooms or spaces rented and continuously occupied by the same individual or same group of individuals for 30 or more days. The revenues collected from the additional tax shall be designated and spent for promoting tourism, travel or business that generates tourism or travel in the Richmond metropolitan area; and

2. An additional transient occupancy tax not to exceed two percent of the ~~amount of the charge for the occupancy of any room or space occupied~~ *total price paid by the customer for the use or possession of any room or space occupied in a retail sale*. The tax imposed hereunder shall not apply to rooms or spaces rented and continuously occupied by the same individual or same group of individuals for 30 or more days. The revenues collected from the additional tax shall be designated and spent for expanding the Richmond Centre, a convention and exhibition facility in the City of Richmond.

3. An additional transient occupancy tax not to exceed one percent of the ~~amount of the charge for the occupancy of any room or space occupied~~ *total price paid by the customer for the use or possession of any room or space occupied in a retail sale*. The tax imposed hereunder shall not apply to rooms or spaces rented and continuously occupied by the same individual or group of individuals for 30 or more days. The revenues collected from the additional tax shall be designated and spent for the development and improvement of the Virginia Performing Arts Foundation's facilities in Richmond, for promoting the use of the Richmond Centre and for promoting tourism, travel or business that generates tourism and travel in the Richmond metropolitan area.

B. Any county with the county manager plan of government may impose an additional transient occupancy tax not to exceed two percent of the ~~amount of the charge for the occupancy of any room or space occupied~~ *total price paid by the customer for the use or possession of any room or space occupied in a retail sale*, provided that the county's governing body approves the construction of a county conference center. The tax imposed hereunder shall not apply to rooms or spaces rented and continuously occupied by the same individual or same group of individuals for 30 or more days. The revenues collected from the additional tax shall be designated and spent for the design, construction, debt payment, and operation of such conference center.

C. (For expiration date, see Acts 2018, c. 850) The Counties of James City and York may impose an additional transient occupancy tax *for the use or possession of any overnight guest room in an amount* not to exceed \$2 per room per night ~~for the occupancy of any overnight guest room~~. The tax imposed by this subsection shall not apply to travel campground sites or to rooms or spaces rented and continuously occupied by the same individual or same group of individuals for 30 or more days. Of the revenues generated by the tax authorized by this subsection, one-half of the revenues generated from each night of occupancy of an overnight guest room shall be deposited into the Historic Triangle Marketing Fund, created pursuant to subdivision E 1 of § 58.1-603.2, and one-half of the revenues shall be retained by the locality in which the tax is imposed.

C. (For effective date, see Acts 2018, c. 850) 1. The Counties of James City and York may impose an additional transient occupancy tax *for the use or possession of any overnight guest room in an amount* not to exceed \$2 per room per night ~~for the occupancy of any overnight guest room~~. The revenues collected from the additional tax shall be designated and expended solely for advertising the Historic Triangle area, which includes all of the City of Williamsburg and the Counties of James City and York, as an overnight tourism destination by the members of the Williamsburg Area Destination Marketing Committee of the Greater Williamsburg Chamber and Tourism Alliance. The tax imposed by this subsection shall not apply to travel campground sites or to rooms or spaces rented and continuously occupied by the same individual or same group of individuals for 30 or more days.

2. The Williamsburg Area Destination Marketing Committee shall consist of the members as provided herein. The governing bodies of the City of Williamsburg, the County of James City, and the County of York shall each designate one of their members to serve as members of the Williamsburg Area Destination Marketing Committee. These three members of the Committee shall have two votes apiece. In no case shall a person who is a member of the Committee by virtue of the designation of a local governing body be eligible to be selected a member of the Committee pursuant to subdivision a.

a. Further, one member of the Committee shall be selected by the Board of Directors of the Williamsburg Hotel and Motel Association; one member of the Committee shall be from The Colonial Williamsburg Foundation and shall be selected by the Foundation; one member of the Committee shall be an employee of Busch Gardens Europe/Water Country USA and shall be selected by Busch Gardens



Europe/Water Country USA; one member of the Committee shall be from the Jamestown-Yorktown Foundation and shall be selected by the Foundation; one member of the Committee shall be selected by the Executive Committee of the Greater Williamsburg Chamber and Tourism Alliance; and one member of the Committee shall be the President and Chief Executive Officer of the Virginia Tourism Authority who shall serve ex officio. Each of these six members of the Committee shall have one vote apiece. The President of the Greater Williamsburg Chamber and Tourism Alliance shall serve ex officio with nonvoting privileges unless chosen by the Executive Committee of the Greater Williamsburg Chamber and Tourism Alliance to serve as its voting representative. The Executive Director of the Williamsburg Hotel and Motel Association shall serve ex officio with nonvoting privileges unless chosen by the Board of Directors of the Williamsburg Hotel and Motel Association to serve as its voting representative.

In no case shall more than one person of the same local government, including the governing body of the locality, serve as a member of the Committee at the same time.

If at any time a person who has been selected to the Committee by other than a local governing body becomes or is (a) a member of the local governing body of the City of Williamsburg, the County of James City, or the County of York, or (b) an employee of one of such local governments, the person shall be ineligible to serve as a member of the Committee while a member of the local governing body or an employee of one of such local governments. In such case, the body that selected the person to serve as a member of the Commission shall promptly select another person to serve as a member of the Committee.

3. The Williamsburg Area Destination Marketing Committee shall maintain all authorities granted by this section. The Greater Williamsburg Chamber and Tourism Alliance shall serve as the fiscal agent for the Williamsburg Area Destination Marketing Committee with specific responsibilities to be defined in a contract between such two entities. The contract shall include provisions to reimburse the Greater Williamsburg Chamber and Tourism Alliance for annual audits and any other agreed-upon expenditures. The Williamsburg Area Destination Marketing Committee shall also contract with the Greater Williamsburg Chamber and Tourism Alliance to provide administrative support services as the entities shall mutually agree.

4. The provisions in subdivision 2 relating to the composition and voting powers of the Williamsburg Area Destination Marketing Committee shall be a condition of the authority to impose the tax provided herein.

For purposes of this subsection, "advertising the Historic Triangle area" as an overnight tourism destination means advertising that is intended to attract visitors from a sufficient distance so as to require an overnight stay of at least one night.

D. Bedford County may impose an additional transient occupancy tax not to exceed two percent of the amount of the charge for the occupancy of any room or space occupied total price paid by the customer for the use or possession of any room or space occupied in a retail sale. The tax imposed hereunder shall not apply to rooms or spaces rented and continuously occupied by the same individual or same group of individuals for 30 or more days.

The revenues collected from the additional tax shall be designated and spent solely for tourism and travel; marketing of tourism; or initiatives that, as determined after consultation with local tourism industry organizations, including representatives of lodging properties located in the county, attract travelers to the locality, increase occupancy at lodging properties, and generate tourism revenues in the locality.

E. Botetourt County may impose an additional transient occupancy tax not to exceed two percent of the amount of the charge for the occupancy of any room or space occupied total price paid by the customer for the use or possession of any room or space occupied in a retail sale. The tax imposed hereunder shall not apply to rooms or spaces rented and continuously occupied by the same individual or same group of individuals for 30 or more days.

The revenue generated and collected from the two percent tax rate increase shall be designated and expended solely for advertising the Roanoke metropolitan area as an overnight tourist destination by members of the Roanoke Valley Convention and Visitors Bureau. For purposes of this subsection, "advertising the Roanoke metropolitan area as an overnight tourism destination" means advertising that is intended to attract visitors from a sufficient distance so as to require an overnight stay.

F. The county tax limitations imposed pursuant to § 58.1-3711 shall apply to any tax levied under this section, mutatis mutandis.

G. The authority to impose a tax pursuant to this section shall be in addition to the authority provided by the provisions of § 58.1-3819.

**§ 58.1-3824. Additional transient occupancy tax in Fairfax County.**

In addition to such transient occupancy taxes as are authorized by this chapter, beginning July 1, 2004, Fairfax County may impose an additional transient occupancy tax not to exceed two percent of the amount of charge for the occupancy of any room or space occupied; total price paid by the

customer for the use or possession of any room or space occupied in a retail sale, provided that the board of supervisors of the County appropriates the revenues collected from such tax as follows:

1. No more than 75 percent of such revenues shall be designated for and appropriated to Fairfax County to be spent for tourism promotion in the County after consultation with local tourism industry organizations and in support of the local tourism industry; and

2. The remaining portion of such revenues shall be designated for and appropriated to a nonprofit convention and visitor's bureau located in Fairfax County.

The tax imposed hereunder shall not apply to rooms or spaces rented and continuously occupied by the same individual or same group of individuals for 30 or more days.

For purposes of this section, "tourism promotion" means direct funding designated and spent solely for tourism, marketing of tourism or initiatives that, as determined in consultation with the local tourism industry organizations, attract travelers to the locality and generate tourism revenues in the locality.

**§ 58.1-3825. Additional transient occupancy tax in Rockbridge County and the Cities of Lexington and Buena Vista.**

In addition to such transient occupancy taxes as are authorized by this chapter, Rockbridge County and the Cities of Lexington and Buena Vista may impose an additional transient occupancy tax not to exceed two percent of the ~~amount of charge for the occupancy of any room or space occupied total price paid by the customer for the use or possession of any room or space occupied in a retail sale.~~

The authority to impose such tax is hereby individually granted to the local governing bodies of such county and cities. However, if such tax is adopted, the local governing body of such county or cities adopting the tax shall appropriate the revenues collected therefrom to the Virginia Horse Center Foundation to be used by the Foundation for the sole purpose of making principal and interest payments on a promissory note or notes signed or executed by the Virginia Horse Center Foundation or the Virginia Equine Center Foundation prior to January 1, 2004, with the Rockbridge Industrial Development Authority as the obligee or payee, as part of an agreement for the Authority to issue bonds on behalf of or for improvements at the Virginia Horse Center Foundation, Virginia Equine Center Foundation, or Virginia Equine Center.

For purposes of this section, such note or notes signed or executed prior to January 1, 2004, shall include any notes or other indebtedness incurred to refinance such note or notes, regardless of the date of refinancing, provided that such refinancing shall not include any debt or the payment of any debt for any activity relating to the Virginia Horse Center Foundation, Virginia Equine Center Foundation, or Virginia Equine Center that occurs on or after January 1, 2004.

The tax imposed hereunder shall not apply to rooms or spaces rented and continuously occupied by the same individual or same group of individuals for 30 or more days. Such tax may no longer be imposed in such county or such cities after final payment of the note or notes described herein.

**§ 58.1-3825.2. Additional transient occupancy tax in Bath County.**

A. In addition to such transient occupancy tax as is authorized by § 58.1-3819, Bath County may impose an additional transient occupancy tax not to exceed two percent of the ~~amount of the charge for the occupancy of any room or space occupied total price paid by the customer for the use or possession of any room or space occupied in a retail sale.~~

B. The revenues collected from the additional tax shall be designated and spent as follows:

1. One-half of such revenue shall be designated and spent solely for tourism and travel, marketing of tourism, or initiatives that, as determined after consultation with the local tourism industry organizations, attract travelers to the locality and generate tourism revenues in the locality. If there are no local tourism industry organizations in the locality, the governing body shall hold a public hearing prior to making any determination relating to how to attract travelers to the locality and generate tourism revenues in the locality.

2. One-half of such revenue shall be designated and spent solely for the design, operation, construction, improvement, acquisition, and debt service for such expenses on debt incurred after June 30, 2009, of tourism facilities, historic sites, beautification projects, promotion of the arts, regional tourism marketing efforts, capital costs related to travel and transportation including air service, public parks and recreation, and information centers that attract travelers to the locality and generate tourism revenues in the locality.

C. The tax imposed hereunder shall not apply to rooms or spaces rented and continuously occupied by the same individual or same group of individuals for 30 or more days in hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms.

D. If Bath County requires local hotel and motel businesses, or any class thereof, to collect, account for, and remit the tax imposed pursuant to this section, the County may allow such businesses a commission for such service in the form of a deduction from the tax remitted. Such commission shall be provided for by ordinance, which shall set the rate thereof, no less than three percent and not to exceed five percent of the amount of tax due and accounted for. No commission shall be allowed if the amount due is delinquent.

E. All tax collections pursuant to this section shall be deemed to be held in trust for Bath County.  
**§ 58.1-3825.3. (Effective May 1, 2021) Additional transient occupancy tax in Arlington County.**

In addition to the transient occupancy tax authorized by § 58.1-3819, Arlington County may impose an additional transient occupancy tax not to exceed one-fourth of one percent of the ~~amount of the charge for the occupancy of any room or space occupied~~ *total price paid by the customer for the use or possession of any room or space occupied in a retail sale*. The revenues collected from the additional tax shall be designated and spent for the purpose of promoting tourism and business travel in the county.

**§ 58.1-3826. Scope of transient occupancy tax.**

A. The transient occupancy tax imposed pursuant to the authority of this article shall be imposed only for the ~~occupancy use or possession~~ of any room or space that is suitable or intended for occupancy by transients for dwelling, lodging, or sleeping purposes.

B. *For any retail sale of accommodations not facilitated by an accommodations intermediary, the accommodations provider shall collect the tax imposed pursuant to this article, computed on the total price paid for the use or possession of the accommodations, and shall remit the same to the locality and shall be liable for the same.*

C. *For any retail sale of accommodations facilitated by an accommodations intermediary, the accommodations intermediary shall be deemed under this article as a facility making a retail sale of an accommodation. The accommodations intermediary shall collect the tax imposed pursuant to this article, computed on the room charge. When the accommodations are at a hotel, the accommodations intermediary shall remit the taxes on the accommodations fee to the locality and shall remit any remaining taxes to the hotel, which shall remit such taxes to the locality. When the accommodations are at a short-term rental, as defined in § 15.2-983, or at any other accommodations, the accommodations intermediary shall remit the taxes on the room charge to the locality.*

D. *An accommodations intermediary shall not be liable for taxes under this article remitted to an accommodations provider but that are then not remitted to the locality by the accommodations provider. For any retail sale of accommodations facilitated by an accommodations intermediary, an accommodations provider shall be liable for that portion of the taxes under this article that relate to the discount room charge only to the extent that the accommodations intermediary has remitted such taxes to the accommodations provider.*

E. *In any retail sale of any accommodations in which an accommodations intermediary does not facilitate the sale of the accommodations, the accommodations provider shall separately state the amount of the tax in the bill, invoice, or similar documentation and shall add the tax to the total price paid for the use or possession of the accommodations. In any retail sale of any accommodations in which an accommodations intermediary facilitates the sale of the accommodation, the accommodations intermediary shall separately state the amount of the tax on the bill, invoice, or similar documentation and shall add the tax to the room charge; thereafter, such tax shall be a debt from the customer to the accommodations intermediary, recoverable at law in the same manner as other debts.*

**§ 58.1-3842. Combined transient occupancy and food and beverage tax.**

A. Rappahannock County and Madison County, by duly adopted ordinance, are hereby authorized to levy a tax ~~on occupancy~~ *for the use or possession of any room or space occupied* in a bed and breakfast establishment on which the county is authorized to levy a transient occupancy tax under § 58.1-3819 and on food and beverages sold for human consumption within such establishment on which the county is authorized to levy a food and beverage tax under § 58.1-3833, when the charges for the ~~occupancy use or possession~~ of the room or space and for the sale of food and beverages are assessed in the aggregate and not separately stated. Such tax shall not exceed four percent of the ~~total amount charged for the occupancy of the room or space occupied~~ *price paid by the customer for the use or possession of the room or space occupied* and for the food and beverages. Such tax shall be in such amount and on such terms as the governing body may, by ordinance, prescribe. The tax shall be in addition to the sales tax currently imposed by the county pursuant to the authority of Chapter 6 (§ 58.1-600 et seq.). Collection of such tax shall be in a manner prescribed by the governing body. All taxes collected under the authority of this article shall be deemed to be held in trust for the county imposing the tax.

B. If a bed and breakfast establishment separately states charges for the ~~occupancy use or possession~~ of the room or space *occupied* and for the sale of food and beverages, a transient occupancy tax levied under § 58.1-3819 and a food and beverage tax levied under § 58.1-3833 shall apply to such separately stated charges, as applicable.

C. Any tax imposed pursuant to this article shall not apply within the limits of any town located in such county, where such town now, or hereafter, imposes a town meals tax or a town transient occupancy tax on the same subject. If the governing body of any town within a county, however, provides that a county tax authorized by this article shall apply within the limits of such town, then such tax may be imposed within such towns.

D. This tax shall be levied only if a food and beverage tax has been approved in a referendum within the county as provided by subsection A of § 58.1-3833. No county in which the levy of a food and beverage tax has been approved in a referendum pursuant to subsection A of § 58.1-3833 shall be required to submit an amendment to its meals tax ordinance or a further question to the voters in a referendum prior to adopting an ordinance adopting or amending the tax authorized by this article.

E. Nothing herein contained shall affect any authority heretofore granted to any county to levy a food and beverage tax or a transient occupancy tax.

**§ 58.1-3843. Scope of transient occupancy tax.**

A. As used in this section:

*"Accommodations" means any room or space for which tax is imposed on the retail sale of the same pursuant to this article.*

*"Accommodations fee" means the same as such term is defined in § 58.1-602.*

*"Accommodations intermediary" means the same as such term is defined in § 58.1-602.*

*"Accommodations provider" means the same as such term is defined in § 58.1-602.*

*"Affiliate" means the same as such term is defined in § 58.1-439.18.*

*"Discount room charge" means the same as such term is defined in § 58.1-602.*

*"Retail sale" means a sale to any person for any purpose other than for resale.*

*"Room charge" means the same as such term is defined in § 58.1-602.*

B. Notwithstanding any other provision of law, general or special, the tax imposed on transient room rentals pursuant to the authority of this article shall be imposed only for the occupancy use or possession of any room or space that is suitable or intended for occupancy by transients for dwelling, lodging, or sleeping purposes.

C. The scope of the transient occupancy tax imposed pursuant to this article shall be consistent with the scope of the transient occupancy tax imposed under Article 6 (§ 58.1-3818.8 et seq.).

2. That the provisions of the first enactment of this act shall become effective on September 1, 2021, and that the provisions of the third, fourth, and fifth enactments of this act shall become effective in due course.

3. That the Department of Taxation (the Department) shall develop and make publicly available guidelines no later than August 1, 2021, for purposes of developing processes and procedures for implementing the provisions of §§ 58.1-602 and 58.1-603 of the Code of Virginia, as amended by this act, and the provisions of § 58.1-612.2 of the Code of Virginia, as created by this act, relating to the retail sale and taxation of accommodations. The development, issuance, and publication of the guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia).

4. That the Department of Taxation shall maintain on its website a current table indicating the rate of the local transient occupancy tax imposed by each county, city, and town in the Commonwealth. Every county, city, and town that imposes a transient occupancy tax shall, no later than seven days after making a change to its rate of taxation, provide written notice of the same to the Tax Commissioner for the purpose of updating the table.

5. That nothing in this act shall be construed to appropriate or transfer any transportation revenues for non-transportation-related purposes pursuant to the twenty-second enactment of Chapter 896 of the Acts of Assembly of 2007, the fourteenth enactment of Chapter 766 of the Acts of Assembly of 2013, the fourth enactment of Chapters 837 and 846 of the Acts of Assembly of 2019, the tenth enactment of Chapters 1230 and 1275 of the Acts of Assembly of 2020, the second enactment of Chapter 1235 of the Acts of Assembly of 2020, and the second enactment of Chapters 1241 and 1281 of the Acts of Assembly of 2020.