ALERT
Capitol Contact

Friday, January 28, 2022

Capitol Contact ALERT

Several Bills Limiting County Taxing Authority to be Heard Monday – Contact Your Legislators to Oppose

Limitations on meals and transient occupancy taxes

- HB 75 (Ware) would place restrictions on the additional taxing authority that was granted to counties in 2020. **VACo opposes this legislation.**

- The bill would generally place a cap of 5 percent on transient occupancy taxes imposed by counties and require revenues from rates between 2 and 5 percent to be dedicated to tourism. Under the 2020 legislation, unless previously authorized for some other purpose, county transient occupancy tax revenues from rates between 2 and 5 percent are to be dedicated for tourism, but counties may impose rates above 5 percent and may use that revenue for general purposes.

- The bill also caps meals taxes imposed by counties at 2 percent, with rates up to 4 percent allowed if approved in a referendum. Under the 2020 legislation, meals taxes are allowed at up to 6 percent, with no referendum requirement. HB 75 also reinstates earlier Code language that restricts a meals tax referendum that fails from being placed on the ballot by resolution of the board of supervisors within three years of the referendum's failure.

- HB 75 has been referred to the House Finance Committee and will be heard in Subcommittee #2 on Monday, January 31.

KEY POINTS

- The 2020 legislation recognized that counties bear similar responsibilities to those of cities, and that counties need similar options for revenue diversification to generate the necessary funds to provide these services. This legislation retreats from the progress that was made in 2020.

- Counties have recognized the stresses placed on the hospitality industry during the pandemic and have developed a variety of creative approaches to assist local hotels and restaurants, including the use of federal relief funds to provide grants, regulatory flexibility and grant funding to assist with outdoor dining, and restaurant gift card promotion programs, among other efforts.

Elimination of BPOL

- HB 380 (Freitas) would prohibit any county, city, or town from imposing any license tax or fee in any taxable year beginning on or after January 1, 2023, with the exception of coal and gas severance taxes that are levied as license taxes. **VACo opposes this legislation.**

KEY POINTS

- VACo has historically opposed restrictions on the imposition of BPOL taxes without a corresponding replacement in revenue, which this bill does not include. In FY 2020, BPOL generated $466 million in county revenue.

- Removing a county revenue source will result in more stresses on the other revenue sources available to counties, including real property taxes, or reductions in core services.

ACTION REQUIRED – Please contact your legislators, especially any members who serve on the House Finance Committee or House Finance Subcommittee #2, to oppose these bills. These bills will be heard in subcommittee immediately upon adjournment on Monday, January 31.

KEY CONTACTS

HOUSE FINANCE COMMITTEE'S SUBCOMMITTEE #2: Fowler (Chair), Orrock, Campbell, R.R., Runion, Wiley, Keam, Willett, Bennett-Parker, Robinson

HOUSE FINANCE COMMITTEE: Robinson (Chair), Fowler (Vice Chair), Orrock, Ware, Byron, Freitas, McNamara, Campbell, R.R., Walker, Runion, Wiley, Durant, Watts, Keam, Sullivan, Murphy, Hudson, Willett, Scott, D.L., Mundon King, Simon, Bennett-Parker

VACo Contact: Katie Boyle