

**REPORT OF THE
JOINT SUBCOMMITTEE STUDYING THE
LOCAL TAXATION OF MEALS AND LODGINGS
TO
THE GOVERNOR
AND
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 29
COMMONWEALTH OF VIRGINIA
RICHMOND
1983**

MEMBERS OF COMMITTEE

Delegate Claude W. Anderson, Chairman
Senator William E. Fears, Vice-Chairman
Delegate Ralph L. Axselle, Jr.
Delegate James S. Christian, Jr.
Delegate A. Ray Hull
Delegate Benjamin J. Lambert, III
Delegate Melvin M. Spence
Senator Peter K. Babalas
Senator Charles J. Colgan
Senator Dudley J. Emick, Jr.
Senator William F. Parkerson, Jr.

STAFF

Legal and Research

Division of Legislative Services

John A. Garka, Economist

W. Rand Cook, Attorney

Administrative and Clerical

Office of Clerk, House of Delegates

**Report of the
Joint Subcommittee Studying The
Local Taxation of Meals and Lodgings
To
The Governor and the General Assembly of Virginia
Richmond, Virginia
December, 1982**

To: Honorable Charles S. Robb, Governor of Virginia
and
The General Assembly of Virginia

I. EXECUTIVE SUMMARY

The Joint Subcommittee has studied the local taxation of meals and lodgings and has found it is a patch-work quilt of varying tax rates among the various localities in Virginia with some having no local tax authority for the two taxes while others impose very high tax rates. In addition, some localities are subject to a tax rate ceiling while others are not subject to a ceiling.

The Joint Subcommittee has noted that a number of cities impose combined meals tax and sales tax rates that reach 9%, specifically, the cities of Portsmouth, Suffolk, and Virginia Beach. Moreover, the combined sales tax and transient occupancy tax rates have reached 9% in both Portsmouth and Arlington. A large number of cities impose these two taxes while counties are prohibited from taxing meals and only seven counties have been granted the local authority to impose a transient occupancy tax and only five actually impose the tax. The Joint Subcommittee acknowledges the unfairness of allowing some localities the option to impose the tax while others are not granted the same option.

The Joint Subcommittee has observed that the two taxes are special taxes on a single industry and does recognize that high taxes do have an impact on the two industries because of their competitive nature. The representatives of the two industries have argued the inequity of singling out the restaurant and lodgings industries for special treatment. The Joint Subcommittee has heard from localities who believe that all localities should be treated the same and all should be afforded the same flexibility to impose the taxes if the locality believes them to be appropriate, with no maximum ceiling tax rate.

Based on these considerations, the Joint Subcommittee has voted to recommend legislation which would allow all cities and counties the option to impose a local meals tax as well as a local transient occupancy tax, with no maximum tax rate ceilings. The Joint Subcommittee believes the taxes are special taxes applied to the restaurant and lodgings industry but the Joint Subcommittee does not believe that it would be appropriate to take away the authority of those localities which already impose the tax unless some alternative source of revenue is forced. The Joint Subcommittee, although it considered some proposals, has been unable to find a suitable alternative source of revenue. As a result, the Joint Subcommittee believes that since some localities have the tax it would only be fair to extend the authority to impose these to taxes to all cities and counties so that each locality can decide whether either of these two taxes are appropriate for the locality.

II. INTRODUCTION

The Joint Subcommittee Studying the Local Taxation of Meals and Lodgings was established pursuant to House Joint Resolution No. 54 enacted by the 1982 Session of the Virginia General Assembly. The charge of the Joint Subcommittee was to study the entire local taxation of meals and lodgings area.

The Joint Subcommittee was composed of three members from the House Finance Committee, two members from the House Counties, Cities and Towns Committee, two members from the Senate Local Government Committee, two members from the Senate Finance Committee, and two members from the General Assembly at large. The Joint Subcommittee selected Delegate Claude W. Anderson as Chairman and Senator William E. Fears as Vice-Chairman.

The House Joint Resolution establishing the study reads as follows:

WHEREAS, numerous cities and towns in the Commonwealth have, through the general taxing authority granted by their charters, taxed certain meals and lodgings; and

WHEREAS, several counties have been granted specific authority by statute to levy a transient occupancy tax; and

WHEREAS, there is no uniformity in the tax levied by the cities on meals and by the cities, towns and counties on accommodations since the levies are enacted pursuant to local ordinance without state guidelines in the structuring of such tax; and

WHEREAS, these taxes are important sources of local revenue while at the same time such local taxes may have a direct effect on the economy of the Commonwealth because of the impact such taxes have on tourism, one of Virginia's greatest products; and

WHEREAS, there may be a need for uniformity in such local tax so that businesses in Virginia will be treated equitably and fairly regardless of where such businesses decide to locate; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That there is hereby established a joint subcommittee to study the local taxation of meals and lodgings.

The joint subcommittee shall consist of eleven members as follows: three from the membership of the House Finance Committee, appointed by the chairman thereof; two from the membership of the Senate Finance Committee, appointed by the chairman thereof; two from the membership of the House Counties, Cities and Towns Committee, appointed by the chairman thereof; two from the membership of the Senate Local Government Committee, appointed by the chairman thereof; and two appointed from the General Assembly at large, one being a member of the House of Delegates, appointed by the Speaker, and the other being a member of the Senate, appointed by the Senate Privileges and Elections Committee.

The joint subcommittee shall complete its work in time to submit recommendations to the 1983 Session of the General Assembly.

The cost of this study shall not exceed the sum of \$7,000.

The Joint Subcommittee was assisted in its study by the staff of the Virginia Division of Legislative Services. Specific staff assigned to the subcommittee were: John A. Garka, Economist and W. Rank Cook, Attorney.

III. BACKGROUND

The revenue sources of the Commonwealth and its localities is a complex subject and one that is examined and adjusted during almost every Session of the General Assembly. Under Virginia's tax structure, certain taxes are reserved solely for the Commonwealth (e.g., the individual income tax), others are reserved solely for localities (e.g., the property tax) while others are shared by both the state and localities (e.g., the sales and use tax). In addition, there are other taxes which the state allows localities to levy but with certain maximum tax rates (e.g., the local gross receipts or BPOL tax). Finally, a more complex and confusing situation arises in the case of special taxes such as the two taxes which this Joint Subcommittee has been charged with studying, that is, those special taxes which the Commonwealth allows only some of the localities the authority to impose while not providing the same option to others. Moreover, these special taxes provide no ceiling tax rates for the cities while other localities, generally counties, are limited to a certain maximum rate which may not necessarily be a uniform ceiling rate in all counties.

As localities search to find ways of generating additional revenue or to reduce the reliance on property or other taxes more and more localities appear before the General Assembly to petition for authority to impose one or more of these special taxes. Their main argument, of course, is why allow locality 'A' and not locality 'B'?

The authority for cities to levy these taxes is not specifically enumerated in the Code of Virginia. However, most city charters and many town charters contain "general taxing powers" language

which authorize the use of any tax not specifically prohibited by law.

In the case of the meals tax, the General Assembly has granted this tax power to cities through their city charter. It should be noted that some argue that this power has been only indirectly granted to cities since it was granted through their "general taxing powers". The Virginia General Assembly has not chosen to extend this taxing authority to counties.

In regard to the transient occupancy tax, again cities and towns have the power to extend this tax based on their "general taxing powers" in their charters. However, in this case, the General Assembly has provided by statute for seven counties, on a local option basis, to impose a local transient occupancy tax. For counties, the tax is limited to a maximum ceiling rate of 2% except for Arlington which is limited to a 5% maximum rate. [1]

The seven counties are as follows:

Albemarle

Arlington

Fairfax

Mecklenburg

Loudoun

Prince William

Rockingham

There has been no change in the number of counties provided this tax authority since 1974.

IV. THE MEALS TAX

At the present time, eighteen cities impose a local meals tax. The meals tax is generally a flat percentage tax imposed on the charge for a "meal". In some cases, the meals tax has been extended to include the alcoholic beverage portion of the charge although a recent court case in Virginia Beach has challenged this authority. The implications of this recent decision are still uncertain in the other localities.

Table 1 lists the eighteen cities with local meals taxes. The tax rates reflect all the changes that occurred this year. The highest local meals tax rate is 5% and is imposed by the cities of Portsmouth, Suffolk, and Virginia Beach. It should be noted that this local meals tax rate is over and above the 4% state and local sales tax rate that is already applicable to the price of the meal. Thus, in these three cities, a person who consumes a taxable meal faces a combined sales and meals tax rate of 9%.

In regard to the other cities, four cities (Chesapeake, Emporia, Lynchburg, and Norfolk) impose a 4% rate, six (Colonial Heights, Hampton, Hopewell, Newport News, Petersburg, and Richmond) impose a 3% rate, three impose a 2% rate while the remaining two impose a 1% rate.

The table also provides some perspective in the growth of utilization of the local meals tax. In 1976, a relatively short six years ago, only five cities imposed a local meals tax and the maximum local rate was 3%. The changes in the local meals tax have continued over the past year. As Table 2 shows, five cities increased their local meals tax rates while the city of Virginia Beach actually lowered their rate from 6% to 5%.

Table 3 provides the revenue collected by the cities which imposed a local meals tax in the fiscal year 1981-1982, the latest complete year in which revenue data was available. In fiscal year 1981-1982 the cities collected approximately \$28.3 million. The city of Virginia Beach collected \$8.8 million (31.3% of total collections), Norfolk was next with \$5.9 million (21.0% of total collections), and Richmond was third with \$3.3 million (11.7% of total collections). Thus, these three cities collected over 64% of the local meals tax revenue.

V. TRANSIENT OCCUPANCY TAX

The transient occupancy tax is a tax usually levied as a flat percentage of the charge for the occupancy of any room or space of hotels, motels, boarding houses and travel campgrounds. Currently, twenty-one cities, two towns and five counties impose a local transient occupancy tax.

Table 4 lists the localities which levy a local transient occupancy tax and the existing local tax rates. The rates reflect the tax rates which exist this year. The highest transient occupancy tax rate is 5% and is levied by the city of Portsmouth and the county of Arlington. Again, it should be stated that the transient occupancy tax is levied over and above the sales and use tax. Thus, the state and local tax on lodgings in these two localities totals 9%.

In regard to the other localities, nine (Alexandria, Chesapeake, Emporia, Hampton, Lynchburg, Newport News, Petersburg, Roanoke, and Virginia Beach) impose a 4% rate, two impose a 3% rate, fourteen impose a 2% rate and one city imposes a 1% local transient occupancy tax. Changes in transient occupancy tax have continued over the past year. As Table 5 shows, four cities increased their rate and one city instituted the tax. Table 4 also shows that in 1976 there were fifteen localities with a transient occupancy tax with the highest rate being 4%. Although the number of localities utilizing this tax has grown, this tax has not experienced the rush of localities to extend the tax as did the meals tax.

Table 6 shows the local transient occupancy tax collections for fiscal year 1981-1982. In that year, approximately \$11.6 million was collected with the county of Arlington collecting \$3.8 million or approximately 33.1% of the total and Virginia Beach \$1.9 million or 16.5% of the total.

VI. IMPORTANCE OF THE TAXES

Although the Joint Subcommittee has already examined the revenue collected from these two taxes, it is still necessary to examine how important a role they play in the local revenue structure. Table 7 compares the revenue collections of the two taxes with the locality's total local tax revenue for the 1980-1981 fiscal year.

An examination of the table clearly shows that the localities which have a meals tax rely on its revenue more than a transient occupancy tax. Emporia receives 8.1% of its total local tax revenue from its meals tax. The locality with the next most important reliance is Virginia Beach which receives 4.7% of its local tax revenue from the meals tax.

The local reliance on the transient occupancy tax is significantly less than on the meals tax although more localities rely on its revenue. The locality with the greatest reliance is Williamsburg which collected 3.5% of its local tax revenue from the source. The next locality is the county of Arlington which collects 3.1% of its revenue from this source. Almost all the other localities collect less than 1.0% of their local tax revenue from this source.

VII. IMPORTANCE OF THE RESTAURANT AND HOTEL/MOTEL INDUSTRIES

The Joint Subcommittee has found that both the restaurant and the hotel/lodging industry are significant industries in the Commonwealth and generate significant employment, income and tax revenue for the Commonwealth. Table 8 attempts to place the impact of these two industries in perspective.

In terms of 1981 employment, the restaurant industry in Virginia employed approximately 94,600 people or approximately 4.3% of Virginia's total non-agricultural employment. The hotel and lodging industry employed approximately 27,000 persons or 1.3% of Virginia's total total employment. Clearly, these two industries provide substantial economic activity in the Commonwealth. Any action with a negative impact on these two industries will impact not only the industries but also a large number of Virginians.

The bottom of Table 8 attempts to gauge the importance of the industry by examining the taxable sales (for sales tax purposes) attributable to it. The table shows that the sales of restaurants, cafeterias, etc. generate almost 10% of the total taxable sales in Virginia while hotels and motels generate approximately 2.9% of total taxable sales.

If one includes the auxiliary industries, the impact of these two industries would be even greater. Clearly, these two industries play an important role in the economy of the Commonwealth.

VIII. FINDINGS

The Joint Subcommittee finds that the local meals and transient occupancy taxes are special taxes imposed on a particular industry. The power of cities to impose these taxes has been granted under the general taxing powers of the city charters. Counties have not been granted the authority to impose a meals tax while seven counties have been granted the authority to impose a local option transient occupancy tax. The number of counties that have been granted this authority have been unchanged for a number of years and those which have the tax have kept their tax rates unchanged. In contrast, the number of cities imposing the meals tax has increased over the past five years. In addition, the meals tax rates have increased sharply. The meals tax when combined with the sales tax is as high as 9% in a few cities. The lodgings tax rates have not increased as rapidly as the meals tax but the tax rate it is also at 9%.

A number of localities desire to have the local option to adopt these two taxes. They suggest that it is unfair for one locality to have the option while another locality which needs to provide the identical goods and services is not provided the same local option. Of course, those localities which have the local option believe they should be allowed to retain their authority to impose the tax with no ceiling whatsoever, even though other localities are not provided the same option.

The Joint Subcommittee wishes to make a number of observations which have been determined over the course of the study. The local transient occupancy tax and meals tax situation in the Commonwealth can be described as a patch-work quilt of varying tax rates among Virginia's localities with some having no tax and others imposing very high tax rates. Some localities are subject to a ceiling while others are not.

In regard to the meals tax, the Joint Subcommittee observes it is unfair to tax a take out meal from a restaurant but not tax a certain take out meal that is obtained from a supermarket delicatessen department or a convenience food store. The restaurant industry argues this tax places them at a competitive disadvantage with these types of stores as well as with food stores in general which they argue is part of their competition.

The Joint Subcommittee is concerned with the high rate of tax in some localities. The Joint Subcommittee believes the high local tax rates in some localities affects the Commonwealth because high transient occupancy and meals tax rates may preempt some revenue from the Commonwealth by encouraging potential patrons or customers to spend their dollars in another state or simply not to spend their dollars at all. The Joint Subcommittee believes this high tax rate causes a competitive disadvantage for the industry in some localities that border on those localities that impose no tax at all.

At the same time, the Joint Subcommittee realizes the inequity of allowing some localities to have the option of imposing the tax while not allowing others the option even though each locality needs to supply the same goods and services. The Joint Subcommittee does not believe it would be appropriate nor sound policy to take away the authority of those localities which currently have the power to tax meals and lodgings.

IX. RECOMMENDATIONS

The Joint Subcommittee, after studying the local taxation of meals and lodgings recommends that legislation be adopted by the Virginia General Assembly which would provide that cities and counties be given the local option to impose a meals and/or transient occupancy tax with no tax rate ceilings. The Joint Subcommittee believes that all localities need additional sources of revenue and that all localities should have the flexibility of deciding whether to impose either of these two taxes and at the tax rate level they deem appropriate.

Respectfully submitted,

Claude W. Anderson, Chairman¹

William E. Fears, Vice-Chairman

Ralph L. Axselle, Jr.^{1*}

James S. Christian, Jr.

A. Ray Hull

Benjamin T. Lambert, III

Melvin M. Spence

Peter K. Babalas¹

Charles J. Colgan¹

Dudley J. Emick, Jr.

William F. Parkerson, Jr.^{1*}

¹ Member approves report but does not agree with recommendations.

* Please see attached dissenting statement.

Dissenting Statement of William F. Parkerson, Jr.

I believe that the tax on meals and the tax on lodgings are special taxes that single out one industry and for that reason are unfair taxes.

Certain cities and certain counties that presently have the right to impose such taxes are now doing so. I believe it would be unwise to take this revenue source away from them without providing an alternative revenue source and, therefore, am unwilling to deprive those localities of their existing revenues.

I do not believe, however, in extending an unfair taxing authority to all localities just for the sake of uniformity. If the tax be an unfair one it should not be allowed to be extended. I favor maintaining the status quo until such time as an alternative source of taxation is found and can be applied in conjunction with the repeal of the meals and lodgings taxes.

W. F. P.



COMMONWEALTH OF VIRGINIA
HOUSE OF DELEGATES
RICHMOND

ALPH L. (BILL) AXELLE, JR.
201 NORTH BOULEVARD
RICHMOND, VIRGINIA 23220

HIRTY-SECOND DISTRICT
HANOVER AND HENRICO

COMMITTEE ASSIGNMENTS:
COURTS OF JUSTICE
GENERAL LAWS
CLAIMS

By a very narrow 6-5 vote, the joint subcommittee recommended that legislation be adopted by the Virginia General Assembly which will provide that cities and counties be given a local option to impose a meals tax with no tax rate ceiling. I cannot concur with this recommendation and respectfully submit my dissent for the following reasons:

1. After all is said and done, this recommendation allows the imposition of an additional tax on food; I simply think that is wrong.

The present tax on food sales is the most unpopular tax with the public which views it as an offensive burden on a necessity of life. If the General Assembly broadens local taxing powers, permitting an additional tax on food consumed in restaurants, the members are in fact imposing the tax by allowing it.

It is a misconception that tourists pay the bulk of this tax when, in fact, it is our local citizens who pay 75% of the tax. It is also a misconception that a restaurant meal is a luxury and is the logical target of a "privilege tax." Current market research indicates that one-third of each food dollar spent is expended in restaurants. In addition, research shows that a significant proportion of all restaurant visits are perceived as necessary and essential by consumers, which is especially true for fast food restaurant meals.

The continuing influx of women into the labor force due to family financial considerations has caused increased reliance on the food service industry as a necessity. Another factor in these recessionary times is that many Virginia family members find themselves working varied jobs and schedules. These varied schedules disrupt traditional family meal times in such a way that it is often more practical or economically feasible to eat out. Many of Virginia's senior citizens regularly consume food prepared outside of the home.

The bottom line is that despite all the talk about an additional revenue source, this proposal would further tax the consumption of food...when most people feel the existing tax on food should be repealed.

2. A local meals tax singles out and discriminates against the Virginia food service industry as it does against no other retail industry. This industry makes a major contribution to the economic stability of the Commonwealth.

The key phrase relating to the discriminatory nature of the local meals tax is that it applies to "prepared restaurant food." This puts Virginia's restaurants at a distinct competitive disadvantage to other places where prepared and non-prepared food is sold at retail. Should a meal prepared in a Virginia restaurant be taxed any differently from a prepared meal served in another establishment? Should a food item sold in a restaurant have this additional tax while no such tax is placed on the very same item when sold in another facility (grocery store, local convenience store, etc.)?

3. If localities are permitted to levy and increase the "meals tax" at will, it will have a negative impact on total sales and thus such vital income concerns to the Commonwealth and the public as:

- State Sales Tax Revenue Lost
- Local Sales Tax Revenue Lost
- Corporate Income Tax Lost
- Employment Losses
- Wage Losses
- Increased Unemployment Claims
- Gross Receipt Taxes

4. An increase in the tax on food consumed in restaurants will result in decreased sales and thus decreased employment. When you look at the food service industry's total employment of approximately 98,000 people, you find that 60% are women and 25% are teenagers. The industry is the single largest employer of minorities, unskilled and semi-skilled workers in the Commonwealth. These statistics are vitally important when you consider that these are the very groups of people who are the hardest to place in jobs and comprise the majority of Virginia's unemployment rolls. Why should we further tax food and jeopardize jobs for Virginians?

5. A local meals tax is by no means universally accepted as a revenue source in our sister states and in major resort cities on the East Coast. As a matter of fact, some Virginia cities' meals taxes are now the highest in the United States, which fact threatens our \$3.3 billion annual tourist industry. When you examine the other major East Coast resort cities and their tax structures, what are they telling us? The following resorts impose no meal tax:

Nags Head, North Carolina
Myrtle Beach, South Carolina
Ocean City, Maryland
Fort Lauderdale, Florida

Can we afford not to be competitive? Are we not being short-sighted by getting some additional revenue now but hurting our tourist industry long-term?

6. Experience shows that local meal taxes annually affect sales tax collections. In the years 1977 through 1981, the average increase in state sales tax collected for the food service industry was approximately 11.6%, whereas the average increase in the cities which impose a meals tax was only 9.6%...a 2% deviation from the state average. What is 2% of \$82 million dollars (the restaurants' share of collected state sales tax)? What is 2% of the employment rolls of this industry's 98,000 employees? Significant. A worse case can be made for the City of Richmond where the increase in state sales tax collected in restaurants over a five-year average is approximately 6.3%, a deviation of 5.3% from the norm. At what point does the meals tax reduce restaurant sales, result in employee lay-offs, and reduce sales tax revenues? The potential ripple effect from any local meals tax is that while cities get short-term working revenue from the tax, the state as a whole stands to be the potential loser.

I submit that the imposition of any additional tax on food--especially in this time of economic difficulty and unemployment--is unconscionable and unwise.

Respectfully submitted,

Del. Ralph L. "Bill" Axelle, Jr.

RLA:cm

TABLE 1-COMPARISON OF LOCAL MEALS
TAX RATE CHANGES - 1976 - 1982

<u>City</u>	<u>1976</u>	<u>1981-1982</u>
Alexandria	-	1%
Bristol	-	2%
Chesapeake	-	4%
Colonial Heights	-	3%
Emporia	-	4%
Falls Church	-	1%
Hampton	-	3%
Hopewell	-	3%
Lexington	-	2%
Lynchburg	-	4%
Newport News	-	3%
Norfolk	3%	4%
Petersburg	3%	3%
Portsmouth	3%	5%
Richmond	1%	3%
Suffolk	-	5%
Virginia Beach	3%	5%
Williamsburg	-	2%

SOURCE: Prepared by the Virginia Division of Legislative Services from material provided by the Virginia Hotel and Motel Association, Virginia Restaurant Association, Virginia Municipal League, Virginia Association of Counties, and selected localities.

TABLE 2 - CHANGES IN LOCAL MEALS
TAX RATES DURING 1981 AND 1982.

<u>Cities/Towns</u>	<u>Tax Rate</u>
Bristol	Imposed new tax at 2% (7-1-81).
Emporia	Increased rate from 3% to 4% (7-1-81).
Lynchburg	Increased rate from 3% to 4% (7-1-81).
Norfolk	Increased rate from 3% to 4% (7-1-81).
Portsmouth	Increased rate from 4% to 5% (7-1-81).
Suffolk	Increased rate from 3% to 5% (7-1-82).
Virginia Beach	Decreased rate from 6% to 5% (6-1-82).

TABLE 3-LOCAL MEALS TAX COLLECTIONS
IN VIRGINIA LOCALITIES, 1981-1982

<u>City</u>	<u>Tax Rate</u>	<u>Revenue</u>
Alexandria	1%	\$ 598,347
Chesapeake	4%	1,185,919
Colonial Heights	3%	187,016
Emporia	3%	198,886
Falls Church	1%	114,464
Hampton	3%	1,648,828
Hopewell	3%	261,273
Lexington	2%	71,848
Lynchburg	3%	1,278,717
Newport News	3%	1,391,154
Norfolk	3%	5,945,277
Petersburg	3%	554,636
Portsmouth	3%	1,530,400
Richmond	3%	3,300,000
Suffolk	3%	273,102
Virginia Beach	6% (5% eff. 6-1-82)	8,833,183
Williamsburg	2%	883,431
Total		----- \$ 28,256,475

SOURCE: Prepared by the Virginia Division of Legislative Services from information provided by the Virginia Hotel and Motel Association, Virginia Restaurant Association and selected localities.

TABLE 4-COMPARISON OF LOCAL TRANSIENT
OCCUPANCY TAX RATE CHANGES - 1976 - 1982

<u>City/Town</u>	<u>1976</u>	<u>1981-1982</u>
Alexandria	4%	4%
Blacksburg	-	2%
Bristol	-	2%
Charlottesville	2%	2%
Chesapeake	-	4%
Colonial Heights	-	3%
Danville	-	1%
Emporia	-	4%
Fairfax	-	2%
Falls Church	-	2%
Hampton	4%	4%
Lexington	-	2%
Lynchburg	-	4%
Newport News	4%	4%
Norfolk	3%	3%
Petersburg	4%	4%
Portsmouth	3%	5%
Richmond	2%	2%
Roanoke	1%	4%
Suffolk	-	2%
Virginia Beach	3%	4%
Williamsburg	-	2%
Wytheville	-	2%
<u>Counties</u>		
Albemarle	2%	2%
Arlington	2%	5%
Fairfax	2%	2%
Prince William	2%	2%
Rockingham	2%	2%

SOURCE: Prepared by the Virginia Division of Legislative Services from information provided by the Virginia Hotel and Motel Association, Virginia Restaurant Association, Virginia Municipal League, Virginia Association of Counties, and selected localities.

TABLE 5 - CHANGES IN LOCAL TRANSIENT
OCCUPANCY TAX RATES DURING 1981 AND 1982.

<u>Cities/Towns</u>	<u>Tax Rate</u>
Chesapeake	Increased rate from 3% to 4%.
Lynchburg	Increased rate from 3% to 4%.
Portsmouth	Increased rate from 3% to 5%.
Roanoke City	Increased rate from 1% to 4%.
Suffolk	Imposed rate of 2%.

TABLE 6-TRANSIENT OCCUPANCY TAX
COLLECTIONS IN VIRGINIA LOCALITIES, 1981-1982.

<u>Cities/Towns</u>	<u>Tax Rate</u>	<u>Revenue</u>
Alexandria	4%	\$ 758,498
Blacksburg	2%	58,243
Bristol	2%	72,875
Charlottesville	2%	150,000
Chesapeake	3%	67,112
Colonial Heights	3%	2,306
Danville	1%	27,413
Emporia	4%	49,138
Fairfax	2%	77,603
Falls Church	2%	15,767
Hampton	4%	304,876
Lexington	2%	5,005
Lynchburg	3%	223,963
Newport News	4%	296,042
Norfolk	3%	880,448
Petersburg	4%	257,813
Portsmouth	3%	104,600
Richmond	2%	300,000
Roanoke	1%	303,725
Virginia Beach	4%	1,909,000
Williamsburg	2%	779,427
Wytheville	2%	9,587
<u>Counties</u>		
Albemarle	2%	85,076
Arlington	5%	3,826,306
Fairfax	2%	749,000
Prince William	2%	170,000
Rockingham	2%	<u>85,612</u>
Total		\$ 11,569,435

SOURCE: Prepared by the Virginia Division of Legislative Services from information provided by the Virginia Hotel and Motel Association, Virginia Restaurant Association and selected localities.

TABLE 7-IMPORTANCE OF LOCAL MEALS AND
TRANSIENT OCCUPANCY TAXES IN LOCAL REVENUE STRUCTURES, 1980-1981.

<u>Locality</u>	<u>Total Local Tax Revenue</u>	<u>Meals Tax Revenue</u>	<u>Percent of Tax Revenue</u>	<u>Transient Occupancy Tax Revenue</u>	<u>Percent of Tax Revenue</u>
Alexandria	\$ 83,139,036	\$ 598,347	0.7%	\$ 758,498	0.9%
Bristol	5,409,843	-----	-----	27,785	0.5%
Charlottesville	17,977,482	-----	-----	134,936	0.8%
Chesapeake	38,422,700	879,898	2.3%	62,186	0.2%
Colonial Heights	6,153,066	187,016	3.0%	2,306	-----
Danville	10,304,100	-----	-----	24,535	0.2%
Emporia	1,737,015	141,171	8.1%	45,708	2.6%
Fairfax	13,970,984	-----	-----	77,603	0.6%
Falls Church	8,345,008	109,417	1.3%	17,577	0.2%
Hampton	47,032,674	1,496,000	3.2%	281,250	0.6%
Hopewell	9,768,519	261,273	2.7%	-----	-----
Lexington	1,909,597	71,848	3.8%	5,005	0.3%
Lynchburg	28,434,538	928,659	3.3%	146,853	0.5%
Newport News	56,792,539	1,391,154	2.4%	296,042	0.5%
Norfolk	100,901,640	3,347,016	3.3%	770,342	0.8%
Petersburg	17,664,272	536,707	3.0%	218,707	1.2%
Portsmouth	31,418,869	896,133	2.9%	65,162	0.2%
Richmond	136,005,164	2,945,357	2.2%	312,684	0.2%
Roanoke	45,346,884	-----	-----	68,777	0.2%
Suffolk	10,777,772	273,102	2.5%	-----	-----
Virginia Beach	86,266,136	4,026,396	4.7%	1,739,248	2.0%
Williamsburg	5,419,726	210,870	3.9%	188,817	3.5%
Albemarle	16,831,191	-----	-----	85,076	0.5%
Arlington	108,086,619	-----	-----	3,357,485	3.1%
Fairfax	392,166,092	-----	-----	586,104	0.1%
Prince William	64,423,409	-----	-----	126,781	0.2%
Rockingham	\$ 10,104,906	-----	-----	\$ 85,612	0.8%

LODGING INDUSTRIES IN VIRGINIA, 1981.

	<u>Employment</u>	<u>Percent of Total</u>
Eating & Drinking Places	94,600	4.3%
Hotels/Lodgings	<u>27,000</u>	<u>1.3%</u>
Total Non-Agricultural Employment	2,190,900	100.0%

	<u>Taxable Sales</u>	
Restaurants, etc.	\$ 2,056,928,428	9.9%
Hotels/Motels	<u>597,973,117</u>	<u>2.9%</u>
Total Taxable Sales	\$ 20,780,018,309	100.0%

SOURCE: Virginia Employment Commission and Virginia Department of Taxation.