



## ARLINGTON COUNTY, VIRGINIA

### County Board Agenda Item Meeting of May 19, 2012

**DATE:** April 23 2012

**SUBJECT:** Adopt an ordinance to amend, reenact, and recodify Chapter 40 (Transient Occupancy Tax) of the Code of Arlington County, Virginia relating to the transient occupancy tax levy rate.

#### **C. M. RECOMMENDATION:**

Adopt the attached amendment to Chapter 40 (Transient Occupancy Tax) of the Code of Arlington County to conform with current State legislation regarding the expiration of the additional transient occupancy tax levy for the purpose of promotion of tourism and business travel in Arlington County.

**ISSUES:** The Arlington County Code must be modified to reflect the January 1, 2012 expiration of state enabling legislation regarding an additional levy on the transient occupancy tax in Arlington County.

**SUMMARY:** In 2011 the State Legislature failed to renew legislation which provided Arlington County with the authority to levy an additional 0.25% tax on hotel room rentals (over \$1.1 million annually to tourism promotion). On January 1, 2012, the state legislation (Code of Virginia §58.1-3822) regarding this additional levy on transient occupancy (also referred to as hotel occupancy) in Arlington County expired. The Arlington County Code must be amended to remove references to the additional 0.25% transient tax levy.

**BACKGROUND:** In the 1990 General Session, the Virginia State Legislature passed legislation which allowed Arlington County to assess an additional one quarter percent transient occupancy tax. Pursuant to the Code of Virginia (§58.1-3822), the County was granted this authority on January 1, 1991, solely for the purposes of promoting tourism and business travel in the county. The authority was reauthorized every three years by extending the sunset provision. However, during the 2011 General Session of the Virginia State Legislature, proposed legislation to extend the sunset provision from January 1, 2012 to January 1, 2015 was defeated in the House of Delegates.

County Manager:

*BMD/mjs*

County Attorney:

*[Signature]*

23.

Staff: Richard Stephenson, Budget Director, Department of Management and Finance

**DISCUSSION:** No legislation has been proposed or approved by the General Assembly in the 2012 session to re-authorize and allow Arlington County to impose the add-on transient occupancy tax for the promotion of travel and tourism in the County. The FY 2013 budget assumes that new legislation to re-authorize the transient occupancy tax add-on levy in Arlington County will not occur. The FY 2013 budget includes limited funding to continue reduced tourism efforts.

**FISCAL IMPACT:** There is no fiscal impact with the adoption of this County Code modification. The State legislature's action (or inaction) not to renew Arlington's authority to impose a 0.25% transient occupancy tax resulted in the loss of over \$1.1 million in revenue used for the marketing and promotion of tourism in the County and is already reflected in the County's budget.

\* \* \*

AN ORDINANCE TO AMEND, REENACT AND RECODIFY CHAPTER 40 (TRANSIENT OCCUPANCY TAX) OF THE CODE OF ARLINGTON COUNTY, VIRGINIA CONCERNING THE EXPIRATION OF ADDITIONAL LEVY AMOUNT.

I. BE IT ORDAINED by the County Board of Arlington County, Virginia that Chapter 40 of the Code of Arlington County, Virginia is hereby amended, reenacted, and reordained, to read, in pertinent part, as follows:

\* \* \*

**§ 40-2. Levy and Rate.**

In addition to all other taxes of every kind now or hereafter imposed by law, there is hereby imposed and levied on each and every transient a tax equivalent to five ~~and one quarter~~ percent (~~5.25%~~) (5.00%) of the total amount paid for room rental by or for any such transient to any hotel.

~~The difference between the receipts from a tax of five and one quarter percent (5.25%) and five percent (5%) of the total amount paid for room rentals taxed under the previous paragraph shall be designated and spent for the purpose of promotion of tourism and business travel in Arlington County in addition to the amount budgeted by the County in fiscal year 1990 for the promotion of tourism and business travel.~~

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