

- Effective: July 1, 2020, except the provisions related to cigarette taxes are effective July 1, 2021 and the repeal of certain existing sections is effective May 1, 2021
- Amended: §§ 58.1-3818, 58.1-3819, 58.1-3823, as it is currently effective and as it may become effective, 58.1-3825.3, 58.1-3830, 58.1-3833, 58.1-3834, and 58.1-3840
- Repeals: §§ 58.1-3818.01, 58.1-3818.03, 58.1-3818.04, 58.1-3820, 58.1-3821, and 58.1-3831

Localities Authority to Levy Taxes House Bill 785 (Chapter 1214) and Senate Bill 588 (Chapter 1263) grant counties the same taxing powers that are granted to cities and towns. Under prior law, when compared to cities and towns, counties are not authorized to impose certain taxes and are limited in the rates that they may impose for other taxes.

These Acts authorize any county to levy a tax on admissions charged for attendance at any event, except in any county in which a state sales and use tax is imposed at a rate of at least one percent, a portion of which is dedicated to the promotion of tourism.

These Acts also authorize counties to levy a transient occupancy tax at a rate greater than two percent, provided that:

- Any excess from a rate over two percent will be designated and spent solely for such purpose as was authorized under this article prior to January 1, 2020;
- If no purpose was authorized prior to January 1, 2020, any excess from a rate over two percent but not exceeding five percent will be designated and spent solely for tourism and travel, marketing of tourism or initiatives; or
- For any county that imposes a transient occupancy tax, any excess over five percent will not be restricted in its use and may be spent in the same manner as general revenues.

Any county, city, or town will be authorized to levy taxes upon the sale or use of cigarettes subject to limitations:

- If a locality is (i) a city or town that, on January 1, 2020, had in effect a rate not exceeding two cents (\$0.02) per cigarette sold or (ii) a county, then the maximum rate shall be two cents (\$0.02) per cigarette sold; or
- If a locality is a city or town that, on January 1, 2020, had in effect a rate exceeding two cents (\$0.02) per cigarette sold, then the maximum rate shall be the rate in effect on January 1, 2020.

Counties will also be authorized to levy a food and beverage tax at a rate of not more than six percent and without first holding a referendum on the tax. However, no county that held a referendum regarding food and beverage tax under current law and prior to July 1, 2020, that was defeated will be permitted to impose a tax under these Acts until six years after the date of such referendum, unless a successful referendum was held after the defeated referendum and before July 1, 2020.

These Acts also require the Division of Legislative Services (the "Division") to convene a work group of stakeholders to identify and make recommendations as to other amendments to the Code of Virginia necessary to effectuate the provisions of these Acts. The Division shall submit a summary of its recommendations and a draft of any recommended changes to the Chairmen of the House Committees on Appropriations and Finance and the Senate Committee on Finance and Appropriations no later than October 31, 2020.

These Acts also require the Department to convene a work group of stakeholders to identify and make recommendations for:

- Modernizing the process for using stamps to certify that tax has been paid on cigarettes; and
- Unifying the stamping process so that it is administered solely by the Department of Taxation

The Department shall submit a summary of its recommendations, including any proposed amendments to the Code of Virginia, to the Chairmen of the House Committees on Appropriations and Finance and the Senate Committee on Finance and Appropriations no later than October 31, 2020.