

## Section 18

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### Excise Taxes on Meals, Transient Occupancy, Cigarettes, Tobacco, Admissions, and Motor Fuels, 2001

Among the many local taxes levied by Virginia's localities are five excise sales taxes on meals, transient occupancy, cigarettes, admissions, and motor fuels. **Table 18.1** provides a detailed list of rates for these taxes for the 39 cities, 54 counties, and 77 towns reporting such taxes in effect during the 2001 fiscal year.

#### Meals Tax and Transient Occupancy Tax

The meals tax and the transient occupancy tax (or lodging tax) are a flat percentage imposed on the price of a meal, or on the charge for the occupancy of any room or space in hotels, motels, boarding houses, travel campgrounds, and other facilities providing lodging for less than thirty days. The authority to levy these taxes varies greatly among jurisdictions.

According to §58.1-3819 of the *Code of Virginia*, counties may levy a transient occupancy tax with a maximum tax rate of 2 percent. Counties satisfying conditions described in §58.1-3819 (A) may increase their transient occupancy tax to a maximum of 5 percent. The portion of the tax

collections exceeding 2 percent must be used by the county for tourism and tourism related expenses.

In 2001, both Bedford County and Mecklenburg County were able to have the *Code* amended to enable them to impose the 5 percent tax. Accordingly, they must designate any portion of the tax over 2 percent to be spent for tourism and tourism initiatives.

Under §58.1-3822, counties with the county manager plan of government have the option of levying an additional tax of 0.25 percent of the room charge.<sup>1</sup>

Counties may also levy a meals tax (§58.1-3833), on food and beverages offered for human consumption if the tax is approved in a voter referendum. However, several counties have been exempted from the voter referendum requirement (see §58.1-3833 (B) of the *Code*).

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<sup>1</sup> The counties of Chesterfield, Henrico, and Hanover may, under § 58.1-3823, impose an additional lodging tax of 4 percent of the charge for the room. This revenue is designated for use in tourism promotion.

There are certain restrictions in applying the meals tax. The tax cannot be imposed on food that meets the definition of food under the federal Food Stamp Program, with the exception of sandwiches, salad bar items, certain prepackaged salads, and non-factory sealed beverages. Finally, the meals tax, when combined with the *state* general sales and use tax (3.5 percent) and the *local* general sales and use tax (1.0 percent), must not exceed 8.5 percent. The limits apply only to counties. Cities and towns may exceed the 8.5 percent total. Accordingly, 22 cities and 16 towns report charging a meals tax over 4 percent.

Furthermore, counties are restricted in their authority to levy the meals and lodging taxes within the limits of an incorporated town unless the town grants the county authority to do so (§58.1-3711). Cities and towns are granted the authority (indirectly) to levy the meals and lodging taxes under the "general taxing powers" found in their charters (§58.1-3840).

The first two columns of Table 18.1 list the rates for the meals tax and the transient occupancy tax, respectively. All cities impose a meals tax. The median rate for the meals tax is 4.5 percent among cities. The minimum rate, charged by Fairfax, is 2.0 percent and the maximum is Portsmouth's 6.5 percent. The meals tax rate is slightly lower among the 33 counties that report having it, with the median reported to be 4.0 percent, the minimum is Frederick's 2.0 percent and the maximum is Appomatox's 5.0 percent.

Among the 74 towns that report having a meals tax, the minimum rate is 1.0 percent, the maximum 5.5 percent, and the median rate is 4.0 percent. The transient occupancy (lodging) tax shows greater variation than the meal tax. The median rate for the 35 cities that report using it is 5.0 percent, the minimum 2.0 percent, and the maximum (Richmond) 8.0 percent, though Virginia Beach has a rate of 9.9 for special districts. Fifty counties report imposing a transient occupancy tax. The extremes range from 2.0 to 8.0 percent with a median rate of 2.0 percent. The 42 towns that report having an occupancy tax show a median of 4.0 percent with a minimum rate of 1.0 percent and a maximum of 6.0 percent.

### **Cigarette and Tobacco Taxes**

The state is authorized by §58.1-1001 of the *Code* to levy a tax on cigarettes of 1.25 mills per cigarette (\$0.025 on a pack of twenty). Section §58.1-3830 allows for the local taxation of the sale or use of cigarettes. Cities and towns are authorized to levy the tax only if they had authority to do so prior to January 1, 1977. The right to levy the tax has been granted to only a few counties by general law. Fairfax and Arlington counties may levy the cigarette tax with a maximum rate of 5 cents per pack or the amount levied under state law, whichever is greater (§58.1-3831). No county cigarette tax is applicable within town limits if the town's governing body does not authorize that county to levy the tax.

The cigarette tax is a flat fee levied on each package of cigarettes. Unlike the meals and transient occupancy taxes, which are added directly onto the bill at the time of purchase, the cigarette tax is added onto the price per pack before the purchaser buys the cigarettes. In addition, localities, which levy a tobacco license tax on wholesalers and/or retailers, are also listed in **Table 18.1** next to the cigarette tax. The tobacco license tax is levied either as a flat tax or as a portion of gross receipts. If no schedule is given in the **Table 18.1**, then it should be read as a flat tax. A total of 21 cities levy some sort of tax on cigarettes, while 2 counties and 14 towns report doing so. Taxes range from \$0.02 to \$0.53 a pack. For cities, the median charge for a pack of 20 cigarettes was \$0.17.

### **Admissions Tax**

Events to which admissions are charged are classified into five groups by §58.1-3817 of the *Code of Virginia*; they are: 1) those events from which the gross receipts go entirely to charitable purposes, 2) admissions charged for events sponsored by public and private educational institutions, 3) admissions charged for entry into museums, botanical or similar gardens, and zoos, 4) admissions charged for sporting events, and 5) all other admissions.

In imposing the admissions tax, localities have the authority to tax each class of admissions with the same or with a different tax rate. Section 58.1-3818 allows a locality to exempt certain qualified charitable events from

admissions tax charges. Prior to 2001, four counties (Fairfax, Arlington, Dinwiddie, and Prince George) had been granted permission to levy an admissions tax at a rate not to exceed 10 percent of the amount of charge for admissions (§§58.1-3818 and 58.1-3840). In 2001, New Kent County was added to the list. Only two counties in Virginia, Dinwiddie and Roanoke, currently levy the tax. Cities and towns are granted the authority (indirectly) to levy the admissions tax under the "general taxing powers" found in their charters (§58.1-3840). Sixteen cities and one town (Vinton) reported levying the admissions tax. For cities, the levy ranged from 0.05 percent to the full 10 percent. The median rate was 5.5 percent.

### **Motor Fuels Sales Tax**

Under §58.1-1720, any county or city which is a member of a transportation district with a commuter mass transport system, or in any transportation district subject to §15.1-1357 (B) (6) and which is contiguous to the Northern Virginia Transportation District may levy a sales tax of 2 percent on the retail price of fuels sold for any purpose other than resale. Furthermore, §58.1-1721 requires that during the first full fiscal year in which the tax is levied, the real estate tax and/or other locally levied taxes must be reduced in an amount that would have been or has been spent by the locality on rail or bus services, but is instead paid for by the revenues of the sales tax on fuels.

A tax is imposed by 11 localities working as part of 2 transportation

commissions. The Northern Virginia Transportation Commission (NVTC) consists of Fairfax, Loudon, and Arlington counties and Alexandria, Fairfax, and Falls Church cities. It helps provide financial support for the activities of the Washington Metropolitan Area Transit Authority (WMATA, also known as the Metro) and the Virginia Railway Express (VRE). The other commission, the

Potomac and Rappahannock Transportation Commission (PRTC), consists of 3 cities (Fredericksburg, Manassas, and Manassas Park), and 2 counties (Prince William and Stafford). It provides support to rail transport (VRE) in the affected counties and bus services originating in Prince William County through Omniride and Omnilink.



**Table 18.1**  
**Meals, Transient Occupancy, Cigarette, Admissions, and Motor Vehicle Fuel**  
**Excise Taxes, 2001**

Locality	Meals (Restaurant) Tax (%)	Transient Occupancy Tax (%)	Cigarette Tax (\$ Per Pack)	Admissions Tax (%)	Motor Vehicle Fuel Tax (%)
<b>Cities</b>	Note: All cities responded to the survey.				
Alexandria	3.0	5.5% + \$1 per night	0.30 (20 cig.) 0.375 (25 cig.) 0.450 (30 cig.)	N/A	2.0
Bedford	5.0	5.0	0.10	N/A	N/A
Bristol	5.0	5.0	0.04 (20 cig.) 0.05 (25 cig.)	N/A	N/A
Buena Vista	4.0	4.0	N/A	N/A	N/A
Charlottesville	3.0	5.0	0.12	N/A	N/A
Chesapeake	5.5	6.0	0.25 (20 cig.) 0.3125 (25 cig.) 0.375 (30 cig.)	10.0	N/A
Colonial Heights	5.0	5.0	N/A	N/A	N/A
Covington	4.0	2.0	N/A	N/A	N/A
Danville	4.5	2.0	N/A	N/A	N/A
Emporia	5.0	5.0	N/A	N/A	N/A
Fairfax	2.0	4.0	0.25 (20 cig.) 0.3125 (25 cig.)	N/A	2.0
Falls Church	4.0	5.0	0.25 (20 cig.) 0.3125 (25 cig.)	N/A	2.0
Franklin	4.5	5.0	0.25	N/A	N/A
Fredericksburg	4.5	4.0	0.05	4.0	2.0
Galax	4.0	N/A	N/A	N/A	N/A
Hampton	5.5	5.5	0.35 (20 cig.) 0.44 (25 cig.) 0.53 (30 cig.)	10.0	N/A
Harrisonburg	5.0	5.0	N/A	5.0	N/A
Hopewell	4.5	4.5	N/A	N/A	N/A
Lexington	4.0	4.0	N/A	N/A	N/A
Lynchburg	6.0	5.5% + \$1 per night	0.15 (20 cig.) 0.1875 (25 cig.)	5.0	N/A

N/A Not applicable.

**Table 18.1 (continued)**

Locality	Meals (Restaurant) Tax (%)	Transient Occupancy Tax (%)	Cigarette Tax (\$ Per Pack)	Admissions Tax (%)	Motor Vehicle Fuel Tax (%)
<b>Cities (continued)</b>					
Manassas	4.0	4.0	0.15 (20 cig.) 0.1875 (25 cig.)	N/A	2.0
Manassas Park	4.0	N/A	0.15	N/A	2.0
Martinsville	4.0	N/A	N/A	N/A	N/A
Newport News	5.5	5.5	0.35 (20 cig.) 0.4375 (25 cig.) 0.525 (30 cig.)	7.5	N/A
Norfolk	5.5	8.0	0.30 (20 cig.) 0.375 (25 cig.)	10.0	N/A
Norton	5.0	4.0	N/A	N/A	N/A
Petersburg	3.0	4.0	0.10 (20 cig.) 0.15 (25 cig.)	0.05	N/A
Poquoson	4.0	N/A	N/A	N/A	N/A
Portsmouth	6.5	6.5	N/A	10.0	N/A
Radford	4.0	4.0	N/A	N/A	N/A
Richmond	5.0	8.0	N/A	6.0	N/A
Roanoke	4.0	6.0	0.17 (20 cig.) 0.2125 (25 cig.)	5.0	N/A
Salem	4.0	4.0	N/A	5.0	N/A
Staunton	5.0	4.0	N/A	N/A	N/A
Suffolk	5.0	5.0	0.30 (20 cig.) 0.375 (25 cig.)	10.0	N/A
Virginia Beach	4.5	5.5 9.9 <sup>a</sup>	0.27 (20 cig.) 0.3375 (25 cig.)	10.0 <sup>b</sup> 5.0 <sup>c</sup>	N/A
Waynesboro	5.0	5.0	0.04	N/A	N/A
Williamsburg	5.0	5.0	N/A	N/A	N/A
Winchester	4.0	4.0	0.10	5.0	N/A

N/A Not applicable.

<sup>a</sup> Imposed in special districts.<sup>b</sup> For concert events.<sup>c</sup> For sporting events.

**Table 18.1 (continued)**

Locality	Meals (Restaurant) Tax (%)	Transient Occupancy Tax (%)	Cigarette Tax (\$ Per Pack)	Admissions Tax (%)	Motor Vehicle Fuel Tax (%)
<b>Counties</b>	Note: All counties responded to the survey. Those that answered "not applicable" for all items in this table are excluded.				
Accomack	N/A	2.0	N/A	N/A	N/A
Albemarle	4.0	5.0	N/A	N/A	N/A
Alleghany	4.0	2.0	N/A	N/A	N/A
Amherst	4.0	3.0	N/A	N/A	N/A
Appomattox	5.0	N/A	N/A	N/A	N/A
Arlington	4.0	5.25	0.05 (20 cig.) 0.0625 (25 cig.)	N/A	2.0
Augusta	4.0	4.0	N/A	N/A	N/A
Bedford	4.0	2.0	N/A	N/A	N/A
Bland	4.0	2.0	N/A	N/A	N/A
Botetourt	4.0	4.0	N/A	N/A	N/A
Buchanan	N/A	2.0	N/A	N/A	N/A
Caroline	4.0	5.0	N/A	N/A	N/A
Carroll	4.0	2.0	N/A	N/A	N/A
Chesterfield	N/A	6.0	N/A	N/A	N/A
Clarke	N/A	2.0	N/A	N/A	N/A
Craig	4.0	N/A	N/A	N/A	N/A
Culpeper	N/A	2.0	N/A	N/A	N/A
Dinwiddie	4.0	2.0	N/A	4.0	N/A
Fairfax	N/A	2.0	0.05 (20 cig.) 0.0625 (25 cig.) 0.75 (30 cig.)	N/A	2.0
Franklin	4.0	5.0	N/A	N/A	N/A
Frederick	2.0	2.0	N/A	N/A	N/A
Giles	N/A	2.0	N/A	N/A	N/A
Gloucester	4.0	N/A	N/A	N/A	N/A
Greene	4.0	2.0	N/A	N/A	N/A
Greensville	4.0	2.0	N/A	N/A	N/A
Halifax	N/A	2.0	N/A	N/A	N/A
Hanover	N/A	8.0	N/A	N/A	N/A
Henrico	N/A	8.0	N/A	N/A	N/A
Henry	4.0	2.0	N/A	N/A	N/A
Isle of Wight	N/A	2.0	N/A	N/A	N/A

N/A Not applicable.

**Table 18.1 (continued)**

Locality	Meals (Restaurant) Tax (%)	Transient Occupancy Tax (%)	Cigarette Tax (\$ Per Pack)	Admissions Tax (%)	Motor Vehicle Fuel Tax (%)
<b>Counties (continued)</b>					
James City	4.0	4.0	N/A	N/A	N/A
King George	4.0	2.0	N/A	N/A	N/A
Lee	N/A	2.0	N/A	N/A	N/A
Loudoun	N/A	5.0	N/A	N/A	2.0
Madison	4.0	N/A	N/A	N/A	N/A
Montgomery	N/A	2.0	N/A	N/A	N/A
Nelson	4.0	2.0	N/A	N/A	N/A
Northampton	N/A	2.0	N/A	N/A	N/A
Nottoway	N/A	2.0	N/A	N/A	N/A
Orange	N/A	2.0	N/A	N/A	N/A
Page	4.0	4.0	N/A	N/A	N/A
Prince George	4.0	2.0	N/A	N/A	N/A
Prince William	N/A	5.0	N/A	N/A	2.0
Pulaski	4.0	5.0	N/A	N/A	N/A
Roanoke	4.0	5.0	N/A	5.0	N/A
Rappahannock	4.0	2.0 <sup>d</sup>	N/A	N/A	N/A
Rockbridge	4.0	4.0	N/A	N/A	N/A
Rockingham	N/A	2.0	N/A	N/A	N/A
Shenandoah	N/A	2.0	N/A	N/A	N/A
Spotsylvania	4.0	5.0	N/A	N/A	N/A
Stafford	4.0	2.0	N/A	N/A	2.0
Washington	N/A	2.0	N/A	N/A	N/A
Wythe	4.0	5.0	N/A	N/A	N/A
York	4.0	5.0	N/A	N/A	N/A
<b>Towns</b>	Note: Towns that answered "not applicable" for all items in this table are excluded. For a listing of town respondents and non-respondents, see Appendix B.				
Abingdon	4.0	4.0	N/A	N/A	N/A
Altavista	5.5	5.5	N/A	N/A	N/A
Amherst	4.0	2.0	N/A	N/A	N/A
Appomattox	5.0	5.0	N/A	N/A	N/A
Ashland	4.0	4.0	N/A	N/A	N/A

N/A Not applicable.

<sup>d</sup> 4 percent if meals are included.

**Table 18.1 (continued)**

Locality	Meals (Restaurant) Tax (%)	Transient Occupancy Tax (%)	Cigarette Tax (\$ Per Pack)	Admissions Tax (%)	Motor Vehicle Fuel Tax (%)
<b>Towns (continued)</b>					
Berryville	2.0	N/A	N/A	N/A	N/A
Blacksburg	4.0	4.0	0.10 (20 cig.)	N/A	N/A
Blackstone	4.5	N/A	N/A	N/A	N/A
Bluefield	3.0	N/A	0.02	N/A	N/A
Bowling Green	4.0	5.0	N/A	N/A	N/A
Bridgewater	4.0	N/A	N/A	N/A	N/A
Buchanan	4.0	N/A	N/A	N/A	N/A
Burkeville	4.5	5.0	N/A	N/A	N/A
Cedar Bluff	4.0	N/A	N/A	N/A	N/A
Chilhowie	3.0	N/A	0.02	N/A	N/A
Chincoteague	4.0	2.0	N/A	N/A	N/A
Christiansburg	4.0	4.0	N/A	N/A	N/A
Clintwood	4.0	3.0	N/A	N/A	N/A
Coeburn	5.0	N/A	N/A	N/A	N/A
Colonial Beach	3.0	3.0	N/A	N/A	N/A
Crewe	4.5	N/A	N/A	N/A	N/A
Culpeper	4.5	4.5	0.10	N/A	N/A
Damascus	4.0	4.0	N/A	N/A	N/A
Dublin	4.0	N/A	N/A	N/A	N/A
Edinburg	N/A	2.0	N/A	N/A	N/A
Farmville	4.5	4.5	N/A	N/A	N/A
Fincastle	4.0	N/A	N/A	N/A	N/A
Fries	4.0	N/A	N/A	N/A	N/A
Front Royal	4.0	6.0	N/A	N/A	N/A
Gate City	5.0	N/A	N/A	N/A	N/A
Glade Spring	5.0	N/A	N/A	N/A	N/A
Gordonsville	4.5	N/A	N/A	N/A	N/A
Haysi	4.0	N/A	N/A	N/A	N/A
Herndon	N/A	6.0	0.20 (20 cig.) 0.25 (25 cig.)	N/A	N/A
Hillsville	4.0	4.0	N/A	N/A	N/A

N/A Not applicable.

**Table 18.1 (continued)**

Locality	Meals (Restaurant) Tax (%)	Transient Occupancy Tax (%)	Cigarette Tax (\$ Per Pack)	Admissions Tax (%)	Motor Vehicle Fuel Tax (%)
<b>Towns (continued)</b>					
Kilmarnock	4.0	N/A	0.05	N/A	N/A
Lebanon	4.0	4.0	N/A	N/A	N/A
Leesburg	3.5	6.0	0.25 (20 cig.) 0.3125 (25 cig.) 0.375 (30 cig.)	N/A	N/A
Louisa	3.0	N/A	N/A	N/A	N/A
Luray	4.0	3.0	N/A	N/A	N/A
Madison	4.0	N/A	N/A	N/A	N/A
Marion	5.0	4.0	0.02 (20 cig.) 0.03 (25 cig.)	N/A	N/A
Middleburg	3.0	3.0	N/A	N/A	N/A
Middletown	2.0	2.0	N/A	N/A	N/A
Monterey	1.0	N/A	N/A	N/A	N/A
Mount Jackson	5.0	5.0	0.05	N/A	N/A
Narrows	2.0	N/A	N/A	N/A	N/A
New Market	4.0	3.0	N/A	N/A	N/A
Occoquan	1.0	1.0	N/A	N/A	N/A
Onancock	N/A	2.0	N/A	N/A	N/A
Orange	4.5	N/A	N/A	N/A	N/A
Pearisburg	4.0	N/A	N/A	N/A	N/A
Pennington Gap	3.0	2.0	N/A	N/A	N/A
Pulaski	4.0	N/A	0.10 (20 cig.) 0.13 (25 cig.)	N/A	N/A
Purcellville	3.0	N/A	0.20 (20 cig.) 0.25 (25 cig.) 0.30 (30 cig.)	N/A	N/A
Richlands	4.0	N/A	N/A	N/A	N/A
Rural Retreat	4.0	N/A	N/A	N/A	N/A
Saint Paul	5.0	N/A	N/A	N/A	N/A
Shenandoah	4.0	4.0	N/A	N/A	N/A
South Boston	3.0	4.5	N/A	N/A	N/A

N/A Not applicable.

**Table 18.1 (continued)**

Locality	Meals (Restaurant) Tax (%)	Transient Occupancy Tax (%)	Cigarette Tax (\$ Per Pack)	Admissions Tax (%)	Motor Vehicle Fuel Tax (%)
<b>Towns (continued)</b>					
South Hill	3.5	3.5	N/A	N/A	N/A
Stanley	4.0	4.0	N/A	N/A	N/A
Stephens City	4.0	5.0	N/A	N/A	N/A
Strasburg	4.0	N/A	N/A	N/A	N/A
Surry	3.0	3.0	N/A	N/A	N/A
Tappahannock	3.0	2.0	N/A	N/A	N/A
Tazewell	4.0	N/A	N/A	N/A	N/A
Urbanna	4.0	N/A	N/A	N/A	N/A
Vienna	3.0	3.0	0.20 (20 cig.) 0.25 (25 cig.)	N/A	N/A
Vinton	4.0	2.0	N/A	5.0	N/A
Warrenton	4.0	4.0	0.15 (20 cig.) 0.1875 (25 cig.) 0.225 (30 cig.)	N/A	N/A
Warsaw	2.0	N/A	N/A	N/A	N/A
Washington	2.5	2.5	N/A	N/A	N/A
Waverly	3.5	N/A	N/A	N/A	N/A
Windsor	4.0	N/A	N/A	N/A	N/A
Woodstock	5.0	N/A	N/A	N/A	N/A
Wytheville	4.0	3.0	0.03 (20 cig.) 0.045 (25 cig.)	N/A	N/A
N/A Not applicable.					