

## Section 20

### Miscellaneous Taxes, 2005

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This section covers two major taxes that are beyond the scope of our survey: the local option sales tax and the bank franchise tax. The local option sales tax has been adopted by every city and county and, by law, all use the same tax rate. Similarly, wherever the bank franchise tax is imposed, the rate is the same. In addition to those two major taxes, this section covers miscellaneous taxes for which information was provided on the survey form when local governments were asked to specify any miscellaneous taxes that fell outside the scope of the survey questions.

#### LOCAL OPTION SALES AND USE TAX

In fiscal year 2004, the local option sales and use tax accounted for 9.7 percent of tax revenue for cities, 7.8 percent for counties, and 10.1 percent for large towns. These are averages; the relative importance of taxes in individual cities, counties, and towns may vary significantly. For information on individual localities, see Appendix C.

Each city and county is permitted by § 58.1-605 to establish a general retail sales tax “at the rate of one percent to provide revenue for the general fund of such city or county.” This tax applies to dealers with a retail presence in Virginia. Sales of any items from such operations incur the one percent sales tax. Sales tax monies are then collected by the Tax Commissioner and sent to the state treasury, where they are credited to the accounts of the localities that raised them and disbursed to the localities on a monthly basis (§ 58.1-605.F).

Cities and counties are also permitted to establish a local use tax at the rate of one percent for the purpose of providing revenue to the general fund of the locality. The use tax is similar in purpose to the retail sales tax, but its aim is somewhat distinct: it applies to dealers that do not have a physical retail presence in Virginia. It is a tax levied on the use of tangible personal property within the state that has been stored or sold out-of-state. Its primary purpose is to restore competitive equality to Virginia merchants who must pay the retail sales tax.

#### BANK FRANCHISE TAX

The bank franchise tax accounted for 0.5 percent of city tax revenue in fiscal year 2004, 0.3 percent of county tax revenue, and 3.3 percent of the tax revenue of large towns. These are

averages; the relative importance of taxes in individual cities, counties, and towns may vary significantly. For information on individual localities, see Appendix C.

All localities that impose the bank franchise tax do so at the maximum rate allowed by statute—80 percent of the state rate of taxation. Local rate uniformity exists because § 58.1-1213 entitles banks to a credit against the state franchise tax equal to the total amount of local franchise tax paid. The local franchise tax is limited to 80 percent of the state rate of taxation for cities (§ 58.1-1208), towns (§ 58.1-1209), and counties in which a bank is located outside any incorporated town which imposes the tax (§ 58.1-1210). As a result, localities receive 80 cents of each \$1 of possible state bank franchise tax revenue. The survey did ask whether a locality levied a bank tax. Of those localities that answered, 35 cities, 70 counties, and 100 towns answered affirmatively. The list of localities that answered affirmatively can be found in **Table 20.1**.

#### OTHER MISCELLANEOUS TAXES

In the 2005 questionnaire that the Cooper Center distributed, local governments were asked to specify any miscellaneous taxes that fell outside of the scope of the questions in the survey. The answers they provided are included in **Table 20.2**. The table has entries for 15 cities, 12 counties, and 2 towns.

The most frequently mentioned miscellaneous tax is the daily rental property tax, a tax on businesses involved in renting property other than automobiles. It is usually a one percent tax on gross rental receipts. The tax is permitted by § 58.1-3510.1. Daily rental property is defined in § 58.1-3510 as “... all tangible personal property held for rental and owned by a person engaged in the short-term rental business, except trailers as defined in § 46.2-100 and other tangible personal property required to be licensed or registered with the Department of Motor Vehicles, Department of Game and Inland Fisheries, or the Department of Aviation.” Such property is considered to be a part of the merchants’ capital category. However, certain localities that do not tax according to the merchants’ capital regulations still collect the daily rental property tax as a miscellaneous tax. For localities that employ the full-blown merchants’ capital tax, see Section 8.



**Table 20.1****Localities Reporting That They Levy a Bank Franchise Tax, 2005**

Locality	Locality	Locality	Locality
<b>Cities</b> (Note: All cities responded to the survey. Those that answered "not applicable" for all items in this table are excluded.)			
Alexandria	Franklin	Norfolk	Suffolk
Bristol	Fredericksburg	Norton	Virginia Beach
Buena Vista	Hampton	Petersburg	Waynesboro
Charlottesville	Harrisonburg	Poquoson	Williamsburg
Chesapeake	Hopewell	Portsmouth	Winchester
Colonial Heights	Lexington	Radford	
Covington	Lynchburg	Richmond	
Emporia	Manassas	Roanoke	
Fairfax	Martinsville	Salem	
Falls Church	Newport News	Staunton	
<b>Counties</b> (Note: All counties responded to the survey. Those that answered "not applicable" for all items in this table are excluded.)			
Accomack	Cumberland	Loudoun	Rockingham
Albemarle	Dinwiddie	Louisa	Russell
Alleghany	Fairfax	Madison	Smyth
Amherst	Fauquier	Mecklenburg	Spotsylvania
Appomattox	Fluvanna	Middlesex	Surrey
Arlington	Franklin	Montgomery	Sussex
Augusta	Frederick	Nelson	Tazewell
Bath	Gloucester	New Kent	Warren
Bedford	Goochland	Northampton	Westmoreland
Bland	Grayson	Northumberland	Wythe
Botetourt	Greene	Orange	York
Brunswick	Hanover	Patrick	
Buchanan	Henrico	Pittsylvania	
Campbell	Henry	Powhatan	
Caroline	Highland	Prince George	
Carroll	King & Queen	Prince William	
Charles City	King George	Pulaski	
Charlotte	King William	Rappahannock	
Chesterfield	Lancasterr	Roanoke	
Craig	Lee	Rockbridge	
<b>Towns</b> (Note: Towns that answered "not applicable" for all items in this table are excluded. For a listing of respondents and non-respondents, see Appendix B.)			
Abingdon	Colonial Beach	Ivor	Remington
Accomac	Crewe	Jonesville	Richlands
Altavista	Culpeper	Kenbridge	Rocky Mount
Appomattox	Damascus	Keysville	Rural Retreat
Ashland	Dayton	Kilmarnock	Saint Paul
Big Stone Gap	Dillwyn	Lawrenceville	Scottsville
Balcksburg	Drakes Branch	Lebanon	Shenandoah
Blackstone	Dublin	Leesburg	Smithfield
Bluefield	Elkton	Lovettesville	South Boston
Boones Mill	Exmore	Luray	Stephens City
Boyce	Farmville	Marion	Strasburg
Boydton	Fries	McKenney	Tappahannock
Bridgewater	Front Royal	Middleburg	The Plains
Broadway	Glade Spring	Middletown	Troutville
Brodnax	Glasgow	Monterey	Urbanna
Burkeville	Glen Lyn	Montross	Victoria
Cape Charles	Gordonsville	Narrows	Vinton
Chase City	Gretna	New Castle	Warrenton
Chilhowie	Grundy	Mew Market	Washington
Chincoteague	Herndon	Newsoms	Waverly
Christiansburg	Hillsville	Onancock	West Point
Clarksville	Honaker	Parksley	Windsor
Clifton Forge	Hurt	Pearisburg	Wise
Clintwood	Independence	Pennington Gap	Woodstock
Coeburn	Irvington	Pound	Wytheville

**Table 20.2**  
**Miscellaneous Taxes, 2005**

Locality	Item	Tax Rate
<b>Cities</b> (Note: All cities responded to the survey. Those that answered "not applicable" for all items in this table are excluded.)		
Alexandria	Daily rental tax	1% of gross receipts
Charlottesville	Daily rental tax	1% of gross receipts
Chesapeake	Daily rental tax	1% of gross receipts
Danville	Daily rental tax	1% of gross receipts
Falls Church	Bowling	\$0.05/game
Fredericksburg	Daily rental tax	1% of gross receipts
Hampton	Daily rental tax	1% of gross receipts
Lexington	Daily rental tax	1% of gross receipts
Martinsville	Daily rental tax	0.5% of gross receipts
Newport News	Daily rental tax	1% of gross receipts
Norfolk	Daily rental tax	1% of gross receipts
Staunton	Daily rental tax	1% of gross receipts
Virginia Beach	Participatory sports	5%
Waynesboro	Daily rental tax	1% of gross receipts
Winchester	Daily rental tax	1% of gross receipts
<b>Counties</b> (Note: All counties responded to the survey. Those that answered "not applicable" for all items in this table are excluded.)		
Accomack	Seller's fee (real estate)	\$0.50 per \$500 of receipt of sale
Albemarle	Daily rental tax	1% of gross receipts
Arlington	Daily rental tax	1% of gross receipts
Chesterfield	Daily rental tax	1% of gross proceeds
Fairfax	Daily rental tax	1% of gross receipts
Henrico	Off track betting	1/8% of the wagers
	Daily rental tax	1% gross proceeds
Lancaster	Automobile graveyard license	\$2 per year
	Alcoholic beverage license	By seating capacity, \$200-\$500
Loudoun	Daily rental tax	1% gross receipts
	Mixed beverage license tax	By capacity: up to 100 seats, \$200; 101-150 seats, \$350; more than 150 seats, \$500
	Private non-profit club	\$350
Northampton	Pistol dealers license tax	\$25.75
	Trash collector license tax	\$10.75
Prince George	Courthouse maintenance fee	\$2 per case (traffic or criminal)
Prince William	Daily rental tax	1% of gross receipts
York	Daily rental tax	1% of gross receipts
<b>Towns</b> (Note: Towns that answered "not applicable" for all items in this table are excluded. For a listing of respondents and non-respondents, see Appendix B.)		
Leesburg	Daily rental tax	1% of gross receipts
Onancock	Ferry tax	\$0.50 per head at departure