

## Section 19

### Miscellaneous Taxes, 2007

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This section includes two major taxes that are beyond the scope of our survey: the local option sales and use 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 2006, the local option sales and use tax accounted for 9.4 percent of local tax revenue for cities, 7.4 percent for counties, and 9.7 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 D.

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 1 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 1 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.

Special distribution requirements apply to counties with incorporated towns (§ 58.1-605.G). If the town constitutes a special school district and is operated as a separate school district under a town school board, the county is required to pay to the town a proportionate amount of the tax receipts based on the number of school age population within the town compared to the school age population in the entire county. If the town does not constitute a separate school

district, then one-half of county collections is distributed to the town based on the proportion of the school age population within the town to the school age population of the entire county, provided the town complies with certain conditions.

#### BANK FRANCHISE TAX

The bank franchise tax accounted for 0.5 percent of city tax revenue in fiscal year 2006, 0.3 percent of county tax revenue, and 3.2 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 D.

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. The current state tax rate is \$1 per \$100 of a bank’s net capital. 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.

The bank franchise tax may be levied by a city, a county, or an incorporated town which has a bank within its boundaries. Bank offices located within an incorporated town are considered to be outside the county where the town is located. A bank with branches in two or more of the political subdivisions will be taxed in a proportion of the taxable value of the net capital, defined in § 58.1-1205, as the total deposits of offices located inside the taxing subdivision bear to total deposits as of the end of the preceding year.

Of those localities that answered, all cities, 75 counties, and 114 towns answered affirmatively. The list of localities that answered affirmatively can be found in **Table 19.1**.

#### OTHER MISCELLANEOUS TAXES

In our 2007 questionnaire, local governments were asked to specify any miscellaneous taxes that fell outside of the scope of the questions in survey. The answers they provided are included in **Table 19.2**. The table has entries for 15 cities, 12 counties, and three 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 1 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 19.1**  
**Localities Reporting That They Levy a Bank Franchise Tax, 2007**

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	Falls Church	Manassas	Roanoke
Bedford	Fairfax	Manassas Park	Richmond
Bristol	Franklin	Martinsville	Salem
Buena Vista	Fredericksburg	Newport News	Staunton
Charlottesville	Galax	Norfolk	Suffolk
Chesapeake	Hampton	Norton	Virginia Beach
Colonial Heights	Harrisonburg	Petersburg	Waynesboro
Covington	Hopewell	Poquoson	Williamsburg
Danville	Lexington	Portsmouth	Winchester
Emporia	Lynchburg	Radford	
<b>Counties</b> (Note: All counties responded to the survey. Those that answered "not applicable" for all items in this table are excluded.)			
Accomack	Craig	King William	Rappahannock
Albemarle	Cumberland	Lancaster	Roanoke
Alleghany	Dinwiddie	Lee	Rockbridge
Amelia	Fairfax	Loudoun	Rockingham
Amherst	Fauquier	Louisa	Russell
Appomattox	Fluvanna	Madison	Smyth
Arlington	Franklin	Mecklenburg	Spotsylvania
Augusta	Frederick	Middlesex	Stafford
Bath	Gloucester	Montgomery	Sussex
Bedford	Goochland	Nelson	Tazewell
Bland	Grayson	New Kent	Warren
Botetourt	Greene	Northampton	Westmoreland
Brunswick	Hanover	Northumberland	Wise
Buchanan	Henrico	Orange	Wythe
Campbell	Henry	Patrick	York
Caroline	Highland	Pittsylvania	
Carroll	Isle of Wight	Powhatan	
Charles City	James City	Prince George	
Charlotte	King & Queen	Prince William	
Chesterfield	King George	Pulaski	
<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	Kenbridge	Shenandoah
Accomac	Courtland	Keysville	Smithfield
Alberta	Craigsville	Kilmarnock	South Boston
Altavista	Crewe	Lawrenceville	Stanley
Amherst	Culpeper	Lebanon	Stephens City
Appalachia	Damascus	Leesburg	Strasburg
Appomattox	Dayton	Louisa	Tappahannock
Ashland	Dillwyn	Lovettesville	Tazewell
Big Stone Gap	Drakes Branch	Luray	The Plains
Blacksburg	Dublin	Marion	Timberville
Blackstone	Dumfries	Middletown	Urbanna
Bluefield	Eastville	Mineral	Victoria
Boones Mill	Edinburg	Monterey	Vinton
Bowling Green	Elkton	Montross	Wakefield
Boyce	Farmville	Narrows	Warrenton
Boydton	Floyd	Newsoms	Warsaw
Bridgewater	Fries	Onancock	Washington
Broadway	Front Royal	Orange	Waverly
Brodnax	Glade Spring	Pearisburg	West Point
Brookneal	Glasgow	Pennington Gap	White Stone
Burkeville	Gordonsville	Pocahontas	Windsor
Chase City	Gretna	Pound	Wise
Chatham	Haysi	Purcellville	Woodstock
Chilhowie	Herndon	Remington	Wytheville
Chincoteague	Hillsville	Rich Creek	
Christiansburg	Honaker	Richlands	
Clarksville	Independence	Rocky Mount	
Clifton Forge	Irvington	Rural Retreat	
Clintwood	Ivor	Saint Paul	
Coeburn	Jonesville	Scottsville	

**Table 19.2**  
**Miscellaneous Taxes, 2007**

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 admissions tax	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
Windsor	Coin operated machine license tax	\$200
	Alcohol license tax (beer)	\$25
	Alcohol license tax (beer and wine)	\$37.50 off premises; \$75 on premises
	Alcohol license tax (mixed beverages)	\$200