

TAXING POWERS GRANTED TO VIRGINIA COUNTIES, CITIES AND TOWNS

(incorporates changes through the 2000 General Assembly session)

<u>Tax and Authority</u>	<u>Local Governments Empowered to Levy</u>	<u>County-Town Relationship</u>	<u>Remarks</u>
TAXES ON PROPERTY			
Real Property (§58.1-3200)	Counties Cities Towns Special Districts	Town tax is levied in addition to county tax. Towns may conduct own reassessment, but none currently do so; all rely on county assessment.	See Note 2 for discussion on special district taxes.
Tangible Personal Property (§58.1-3501; 58.1-3523, et seq.)	Counties Cities Towns	Town tax is levied in addition to county tax.	See Note 3 for discussion on state reimbursement of taxes levied.
Machinery and Tools (§58.1-3507)	Counties Cities Towns	Town tax is levied in addition to county tax.	Rate may not be higher than that levied on tangible personal property.
Merchants' Capital (§58.1-3509)	Counties Cities Towns	Town tax is levied in addition to county tax.	Rate may not exceed the rate in effect on 1/1/78. May not be levied on any class on which BPOL tax is levied.

TAXES ON INDIVIDUALS; CONSUMERS

Sales and Use (§§58.1-605, 58.1-606)	Counties Cities		Limited to 1% of the gross sales price of an item. Towns with separate school districts receive a proportion of the county's total sales tax revenue, based on school-age population. For all other towns, one-half of the county's revenue is divided among the county and towns, based on school-age population.
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Motor Vehicle License (§46.2-752)	Counties Cities Towns	Imposition of tax by town constitutes a credit for taxpayers on the county tax. The taxpayer is liable to the county for the difference between the town tax and the county tax.	Tax may not exceed motor vehicle license tax imposed by State.
Utility Consumers (§§58.1-3812, 58.1-3814)	Counties Cities Towns	If a county imposes the tax, no town within the county may impose the tax, unless the town constitutes a separate school division or had the tax in effect on or before January 1, 2000. If the town tax is in effect, the county tax does not apply within the town.	Rate not to exceed 20% and applicable only to first \$15 of bill for residential customers. (Beginning in 2001, rate on electricity or gas consumption to be based on number of kilowatt hours or cubic feet consumed. The effective cap of \$3 per month would remain the same, however.) Effective Sept. 1, 1994, statute explicitly authorizes tax on mobile telecommunication services; rate not to exceed 10% and applicable only to first \$30 of bill.
Meals (§58.1-3833, 58.1-3840)	Counties Cities Towns	If town levies tax, county tax applicable in town only if council agrees.	Counties limited to maximum rate of 4% and may levy tax only after approved in referendum, except for certain counties which may impose tax if unanimously approved by board of supervisors. No limit on towns or cities and referendum not required.
Income (§58.1-540)	Cities of Norfolk, Virginia Beach, Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park, and Counties of Fairfax, Arlington, Loudoun, and Prince William		Limited to maximum of 1%; must be approved by referendum. Revenues must be used for transportation facilities. Tax can be levied for only 5 years from the effective date of the tax.
Cigarettes (§58.1-3830)	Arlington and Fairfax Counties Cities Towns		Cities and towns may levy tax only if they had authority to do so prior to 1/1/77. Arlington and Fairfax limited to tax of \$.05 per pack, or amount levied by State law, whichever is greater.

Transient Occupancy
 (§§58.1-3819, 58.1-3820, 58.1-3822,
 58.1-3840)

Counties
 Cities
 Towns

If town levies tax, county tax to apply
 only if town agrees.

Counties generally limited to maximum rate of 2%; no limit on cities or towns. Arlington may levy tax up to 5%, under certain conditions. Arlington may impose additional .25% tax through 2002 if additional revenues are used to promote tourism. Roanoke County's charter authorizes it to levy a tax up to 5%. The following counties have been authorized to impose an additional 3% provided the resulting revenue is used to promote tourism or business that generates tourism: Albemarle, Augusta, Caroline, Dinwiddie, Franklin, Gloucester, James City, Loudoun, Nelson, Page, Prince William, Rockbridge, Spotsylvania, Stafford, Tazewell, Wythe, York. In addition to the standard 2% rate, Henrico, Chesterfield, and Hanover are authorized to collect another 6%. The revenues from this additional 6% must be used as follows--4% for tourism promotion and 2% for expanding the convention center in Richmond.

Admissions
 (§§58.1-3818, 58.1-3840)

Fairfax, Arlington, Brunswick, Culpeper, Dinwiddie, James City, Nelson, Prince George, and Roanoke Counties; any county in which there is located a major league baseball stadium
 Cities
 Towns

County tax is in addition to any town tax.

Counties authorized to levy tax are limited to maximum of 10% except Roanoke and James City, which have general charter power. The tax in the county with the baseball stadium may be levied on admissions to the stadium only. The 10% tax may be supplemented by a 2% surcharge if the stadium has more than 40,000 seats. Nelson County may levy tax only for admissions to spectator events.

Recordation
 (§58.1-3800)

Counties
 Cities

Limited to one-third of State recordation tax.

Probate (§58.1-3805)	Counties Cities		Limited to one-third of State recordation tax.
E-911 (§58.1-3813.1)	Counties Cities Towns	If a county imposes the tax, no town located within the county may impose the tax unless the town constitutes a separate school division or had the tax in effect before January 1, 2000. If a town tax in effect, the county tax does not apply within the town.	Limited to a maximum of \$3 per month and must be used solely to the cost of starting and operating E-911 system.

TAXES ON BUSINESSES

Business, Professional and Occupational (BPOL) (§58.1-3700, et al)	Counties Cities Towns	Counties cannot levy BPOL taxes within a town that also levies BPOL taxes, unless the town agrees.	Commonly called “gross receipts tax”; may be levied on almost any type of business or occupation. State law places variety of caps on rates that can be levied against particular types of businesses. Also, localities with populations over 50,000 may not levy tax against a business with gross receipts of less than \$100,000. For those localities with a population of 25,000--50,000, the threshold is \$50,000. All localities may impose a license fee in those instances in which the tax is not levied. The fee may range from \$30--\$100, depending on the size of the locality. Any locality imposing a fee or tax must adopt a uniform ordinance. No category can be required to pay both merchants’ capital tax and BPOL tax to the same jurisdiction.
Daily Rental Property (§58.1-3510.1, et al)	Counties Cities Towns	The town tax is in addition to the county tax.	Similar to sales tax; limited to 1% of amount charged for rental property.
Coal Severance (§58.1-3712)	Counties Cities		Limited to maximum of 1% of gross receipts from sale of coal mined.

Gas Severance (§§58.1-3712 and 58.1-3713.4)	Counties Cities		Limited to maximum of 2% of gross receipts from sale of gas produced. 25% of revenues in counties and city in Southwest Virginia paid to Virginia Coalfield Economic Development Fund.
Coal and Gas Road Improvement (§58.1-3713)	Counties Cities	20% of revenue in Wise County required to be distributed to towns and city situated in county. Of that portion, 25% distributed according to number of motor vehicles and remainder divided equally.	Limited to maximum of 1% of gross receipts of sale of coal or gas mined or produced. Locality retains 75% of revenue which goes into special road improvement fund. However, locality may elect to use 50% of the retained amount to fund construction of new water systems and lines. Remaining 25% of revenue paid to Virginia Coalfield Economic Development Fund. Authority expires in 2002.
Oil Severance (§58.1-3712.1)	Counties Cities		Limited to maximum of .5% of gross receipts of sale of oil produced. Authority expired in 1995.
Utility License (§58.1-3731)	Counties Cities Towns	If a town levies tax, county tax applicable in town only if council agrees.	Form of BPOL tax. Limited to maximum of .5% of gross receipts of company accruing from business in locality. After December 1, 2000, localities may not impose tax on electric or gas companies. Tax to be replaced by consumption tax established by State, collected by utility company, and distributed to locality.
Alcohol License (§§4.1-205, 4.1-233)	Counties Cities Towns	If a town levies tax, county tax not applicable in town.	Localities authorized to collect license taxes from persons engaged in manufacturing, selling, or bottling alcoholic beverages and mixed beverages. Maximum taxes set by State law.
Bank Franchise (§§58.1-1208 through 58.1-1211)	Counties Cities Towns	Counties may tax only those banks outside town corporate limits.	Limited to maximum of 80% of the State rate.

Cable TV Franchise (§15.2-2108)	Counties Cities Towns		Federal Regulations limit franchise fee, in most circumstances, to 5% of gross revenue. (Local governments may also levy BPOL tax or excise tax on cable systems.)
Cable TV Excise (§ 58.1-3818.1 through 58.1-3818.7)	Counties Cities Towns	If a town levies tax, county tax not applicable in town.	Limited to maximum rate of 5% of gross receipts. Shall be in lieu of any BPOL tax levied against cable operations.

NOTES:

1. This table outlines taxing authority allowed local governments by statutory law. In addition to this authority, cities and towns which have incorporated the Uniform Charter Powers Act (§§15.2-1100 through 15.2-1126) into their charters have a general taxing authority (§15.2-1104). Consequently, some municipalities may levy taxes as a result of this provision, or through explicit authority granted in their charters, which are not on this chart.
2. Counties, cities, and towns, acting through special districts, can levy property taxes for a variety of purposes. (§§15.2-2400 through 15.2-2403) In addition, counties can create sanitary districts for a variety of services and fund them through a tax on property in the districts. Counties can also levy property taxes, either countywide or in one or more magisterial districts, to pay for contracted fire protection services (§27-3). The General Assembly has also authorized the creation of special transportation districts within counties or between counties. Special property taxes can be levied on business or commercial properties within those districts (§§15.2-4806 and 15.2-4607).
3. To offset the cost of the personal property tax on motor vehicle owners, the State will pay an increasingly higher percentage of the tax levied by localities. Beginning in 1998, the State will reimburse motor vehicle owners 100% of the local tax paid on vehicles with an assessed value of \$1,000 or less. For vehicles assessed at more than \$1,000 and up to a maximum assessed value of \$20,000, the reimbursement will be 12.5% of the tax levied. After 1998, the proportion of the tax paid by the State (reimbursed to localities) will increase until it reaches 100% in 2002. The owners of vehicles with an assessed value of more than \$20,000 will be responsible for the entire tax on the value above \$20,000. The State reimbursement is applicable only to vehicles used for nonbusiness purposes. Furthermore, the state reimbursement is limited to the local effective tax rate in effect on August 1, 1997. Localities are not prohibited from increasing the personal property tax rate on motor vehicles, but the owners of any motor vehicles in any locality doing so will be responsible for paying the entire difference between the amount owed under the new rate and what would have been owed under the base rate.