

To: Town Manager and Town Council
From: Town Attorney
Re: Summary of Changes to the Town Tax Ordinances
Date: May 21, 2026

Memorandum

Highlights of Major Updates to Chapter 3: Taxation, of the Town Code of Ordinances:

I. Local Telecommunications Tax

The updated version deletes this section because the authority it relied upon, Virginia Code Section 58.1-3812, was repealed in 2007. It was replaced by the Virginia Communications Sales and Use Tax Act, which established a uniform statewide 5% communications tax on all communications services. Revenue collected under the Act is deposited into a statutory trust fund and subsequently distributed to localities.

II. Real Estate Taxes and Partial Exemptions for Elderly, Permanently and Totally Disabled Persons

A. Real Estate Tax Delinquent List. The updated version removes the requirement that the town submit its delinquent tax list to the County Treasurer. Now, the list will be submitted to Town Council upon Council's request.

B. Partial Exemptions. The updated version:

- i. Creates a much larger and more detailed tax relief program
- ii. Adds new subsections:
 - Definitions
 - Restrictions and conditions
 - Affidavit procedures
 - Disability certification requirements
 - Right-of-entry provisions
 - Notice requirements
 - Residency in nursing/home care facilities
 - Late payment provisions
 - Updates income and net worth cap
 - Expands land exclusion from 1 acre to 10 acres
 - Exemption percentages changed to use income-only percentage brackets
 - Caps maximum exemption at \$1,000
 - Provides for new exemption schedule

III. Meals Tax Structure Changed

The original version had a fixed meals tax rate of 6 percent. The updated version:

- i. Removes fixed 6% rate and provides the tax rate will be set annually in the budget resolution to give the Town flexibility to change rates yearly.
- ii. The updated version also adds:
 - Explicit misdemeanor classifications
 - Embezzlement language
 - Clarifies penalties
 - Corporate officer liability
 - Requirements of person(s) going out of business

IV. Transient Occupancy Tax

The update version includes:

- i. Definitions that align with state law and updates:
 - collection procedures,
 - reports and remittance; and
 - clarifies interest and penalties
- ii. Removes fixed 5% rate and provides the tax rate will be set annually in the budget resolution to give the Town flexibility to change rates yearly.

V. Business, Professional and Occupational License

The updated version:

- i. Clarifies that every business subject to licensure is required to pay a \$30 fee.
- i. Amends the appeal process to conform with state law
- ii. Requires that any delinquent taxes be satisfied prior to issuance of a business license

VI. Golf Carts

- i. Requires owner/operators of golf carts used within the town to obtain a town decal
- ii. Fee to be established by Town Council

VII. Generally

A. Formatting and Codification Modernization

- i. Many changes are editorial/organizational rather than substantive. The updated version:
 - Converts numbered lists into subsection lettering
 - Adds headings
 - Adds “State Law Reference” annotations
 - Removes references to previous fiscal years (e.g. FY 2012)
 - Provides a comprehensive recodification and modernization of the town tax code; and
 - Aligns more closely with current Virginia statutory language