

Lodging Tax

Item: To add a lodging tax to the Code of Ordinances.

Discussion:

1. The Town does not currently have a lodging tax.
2. At some point, the Town may have a hotel, motel, bed and breakfast or inn inside the Town's corporate limits.
3. The Code needs to be updated to include a lodging tax.

Recommendation:

1. Town Council approves as a first reading the following addition to the Code section:

Article E

State Law reference— *Tax on transient room rentals, Code of Virginia, § 58.1-3840.*

Sec 2-3-46 Tax on transient lodging

The following words and phrases, when used in this article, have the following respective meanings except when the context clearly indicates a different meaning:

Hotel means any public or private hotel, inn, hostelry, tourist home or house, motel, rooming house, or other lodging place within the city offering lodging for compensation to any transient.

Lodging means space or room furnished any transient.

Transient means any person who, for a period of not more than thirty (30) consecutive days, either at his own expense, or at the expense of another, obtains lodging at any hotel.

Treasurer means the town treasurer and any of his/her duly authorized agents.

Sec 2-3-47 Violations

There is hereby imposed and levied by the town on each transient a tax equivalent to six and one-half percent (6.5) percent of the total amount paid for lodging including any other taxes levied thereon by or for any transient to any hotel or motel.

Sec 2-3-48 Exemptions

No tax shall be payable under this article in any of the following instances:

- (1) On charges for lodging paid to any hospital, medical clinic, convalescent home or home for the aged.

(2) On charges made for providing space for a mobile home in a duly authorized mobile home park.

Sec 2-3-49 Collection Generally

The tax imposed and levied by this article shall be collected from the transient by the person providing such lodging at the time and in the manner provided in this article.

Sec 2-3-50 Collection Procedure

(a) The person designated as the responsible person shall receive any payment for lodging with respect to which a tax is levied under this article shall collect the amount of such tax so imposed from the transient on whom such tax is levied or from the person paying for such lodging at the time payment for such lodging is made. The taxes required to be collected under this section shall be deemed to be held in trust by the responsible person required to collect such taxes until remitted as required in this article.

(b) The person collecting any tax shall make out a report thereof, upon such forms and setting forth such information as the treasurer may prescribe and require, showing the amount of lodging charges collected and the tax required to be collected and shall sign and deliver such report to the treasurer with a remittance of such tax. Such reports and remittances shall be made on or before the 20th day of each month covering the amount of tax collected during the preceding month.

Sec 2-3-51 Collector's Records

It shall be the duty of every person liable for the collection and payment to the town of any tax imposed by this article to keep and to preserve, for a period of two years, such suitable records as may be necessary to determine the amount of such tax as he may have been responsible for collecting and paying to the town. The treasurer may inspect such records at all reasonable times.

Sec 2-3-52 Duty of collector disposing of or going out of business

Whenever any person required to collect and pay to the town a tax under this article shall cease to operate or otherwise dispose of his business, any tax payable under this article to the town shall become immediately due and payable and such person shall immediately make a report and pay the tax due.

Sec 2-3-52 Penalties for late remittance or false return

If any responsible person shall fail or refuse to remit to the town treasurer the tax required to be collected and paid under this article within the time and in the amount specified in this article there shall be added to such tax by the treasurer a penalty in the amount of ten (10) percent thereof and interest thereon at the rate of ten (10) percent per annum which shall be computed upon the tax and penalty from the date such tax are due and payable.

Sec 2-3-53 Procedure upon failure to collect; report

(a) If any person, whose duty it is to do, shall fail or refuse to collect the tax imposed under this article and to make, within the time provided in this article, the reports and remittances required in this

article, the treasurer shall proceed in such a manner as deemed best to obtain facts and information on which to base the estimate of the tax due. As soon as the treasurer shall procure such facts and information obtainable upon which to base the assessment of any tax payable by any person who has failed or refused to collect such tax and to make such report and remittance, the treasurer shall proceed to determine and assess against such person the tax and penalties provided by for this article and shall notify such person, by registered mail, sent to such person's last known place of address, of the total amount of such tax and penalties and the total amount thereof shall be payable within ten days from the date of such notice.

(b) It shall be the duty of the treasurer to ascertain the name of every person operating a hotel or motel in the town, liable for the collection of the tax levied by this article, who fails, refuses or neglects to collect such tax or to make, within the time provided by this article, the reports or remittances required in this article. The treasurer may have a summons issued for such person in the manner provided by law and may serve a copy of such summons upon such person in the manner provided by law and shall make one return of the original to the general district court.