

	Agenda Title: New Business	Agenda Date:
	Town Code Changes re Transient Occupancy Tax (§§ 18-196 & 18-198)	December 18, 2025
	Subject/Proposal/Request:	
	Transient Occupancy Tax - Code of Ordinance Changes	
Town of Cape Charles	Attachments:	For Council:
	1. Chapter 18, Article V of Town Code re: TOT 2. TOT Report (2025) 3. Ordinance 20251218	Action: X Information:
	Staff Contact(s):	Reviewed by:
	Marion Sofield, Treasurer	Rick Keuroglian, Town Manager

Background

The Town of Cape Charles currently levies a Transient Occupancy Tax (TOT) of 4% of gross occupancy revenue, plus:

- \$4.00 per night for short-term rentals (STRs), or
- \$1.00 per room for bed & breakfasts and hotel rooms.

At present, TOT is calculated and reported monthly, with reports and any tax remittance due to the Treasurer’s Office on or before the 20th day of the month following the month of occupancy. For example, TOT collected on occupancy during the month of June must be reported and remitted by July 20th. A 5% discount is currently allowed if the tax is reported and paid on or before the due date.

Item Specifics

To reduce the administrative time and effort required by both S.T.R. or lodging operators or owners and the Treasurer’s Office, it is more efficient to shift the TOT reporting and payment process from a monthly basis to a quarterly basis.

Quarterly reporting will reduce the frequency of filings while maintaining consistent tax collection and compliance.

Recommendation

It is recommended that the Town of Cape Charles amend its Code of Ordinances, Article V – Transient Occupancy Tax (see attached), to revise the reporting and remittance schedule from monthly to quarterly, and to eliminate the on-time payment discount.

Specifically, the ordinance should be amended to provide that:

1. Transient Occupancy Tax shall be reported and remitted on a quarterly basis.
2. Reports and any taxes due shall be submitted on or before the 20th day of the month following the end of each calendar quarter.
3. No discount shall be allowed for timely reporting or payment of Transient Occupancy Tax.

Quarterly Reporting Periods and Due Dates

Reporting Period	Due Date
January 1 – March 31	April 20
April 1 – June 30	July 20
July 1 – September 30	October 20
October 1 – December 31	January 20

Fiscal Impact

This amendment is not expected to reduce total Transient Occupancy Tax revenue. The change is administrative in nature and is intended to improve efficiency for both taxpayers and Town staff.

CODE OF THE TOWN OF CAPE CHARLES, VIRGINIA

- **ARTICLE V. - TRANSIENT OCCUPANCY TAX^[4]**

Footnotes:

--- (4) ---

State Law reference— *Transient occupancy tax authorized, Code of Virginia, § 58.1-3840.*

- **Sec. 18-191. - Violations and penalties.**

Any person who shall willfully violate or fail to comply with any provision of this article or who shall file a false or misleading monthly report hereunder shall be guilty of a Class 2 misdemeanor and fined an amount of not more than \$1,000.00.

(Code 2002, § 66-55; Ord. No. 20140424, 5-1-2014)

- **Sec. 18-192. - Definitions.**

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Hotel means any public or private hotel, inn, hostelry, tourist home or house, bed and breakfast, tourist camp, tourist cabin, camping grounds, motel, roominghouse or other lodging place within the town offering lodging, for compensation, to any transient.

Lodging means any room, lodging or space furnished to any transient.

Transient means any person who, for any period of not more than 30 consecutive days, either at such person's own expense or at the expense of another, lodges or obtains lodging at any hotel, motel, tourist home, or other facility.

(Code 2002, § 66-56; Ord. No. 20140424, 5-1-2014)

- **Sec. 18-193. - Amount of levy.**

There is hereby levied and imposed on each transient a tax in the amount established by the town on the total amount paid for lodging, by or for any such transient, to any hotel, motel, bed and breakfast, campground, and other facilities offering guest rooms rented out for continuous occupancy for 30 consecutive days or less. The revenue collected from the transient occupancy tax shall be allocated for tourism-related initiatives.

(Code 2002, § 66-57; Ord. No. 20140424, 5-1-2014; [Ord. No. 20150917, § 2](#), 9-17-2015)

- **Sec. 18-194. - Exemptions.**

The tax imposed by this article shall not apply to the rental of condominiums, apartments, townhouses or single-family houses which are rented for occupancy for periods exceeding 30 consecutive days.

(Code 2002, § 66-58; Ord. No. 20140424, 5-1-2014)

- **Sec. 18-195. - Collection.**

Every person receiving 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 person required to collect such taxes until remitted as required in this article.

(Code 2002, § 66-59; Ord. No. 20140424, 5-1-2014)

EDIT THE

- **Sec. 18-196. - Reports required.**

Every person collecting any tax levied by this article shall make out a report thereof, upon such forms and setting forth such information as the town treasurer may prescribe and require, showing the amount of lodging charges collected and taxes required to be collected. Such person shall sign and deliver such report to the town treasurer with the remittance of the taxes collected. Transient Occupancy Tax shall be reported and remitted on a quarterly basis. Such reports and remittances shall be remitted to the town treasurer on or before the 20th day of each month covering the amount of tax collected during the preceding month following the end of the preceding quarter.

(Code 2002, § 66-60; Ord. No. 20140424, 5-1-2014)

- **Sec. 18-197. - Collector's records.**

It shall be the duty of every person liable for the collection and remittance to the town of any tax imposed by this article to keep and to preserve, for a period of four years, all

suitable records as may be necessary to determine the amount of tax to have been collected and remitted to the town. The town treasurer, or a designated representative, may inspect such records at all reasonable times.

(Code 2002, § 66-61; Ord. No. 20140424, 5-1-2014)

DELETE THE FOLLOWING:

Sec. 18-198. - Compensation for collection.

For the purpose of compensating sellers for the collection of tax imposed by this article, every seller shall be allowed five percent of the amount of the tax due and accounted for in the form of a deduction on the monthly return, provided the amount due is not delinquent at the time of payment.

(Code 2002, § 66-62; Ord. No. 20140424, 5-1-2014)

- **Sec. 18-199. - Penalty and interest for late payment.**

If any 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, there shall be added to such tax a penalty in the amount of ten percent thereof and interest thereon at the rate of ten percent per annum, which shall be computed upon the taxes and penalty from the first day of the month next following the month in which such are due and payable.

(Code 2002, § 66-63; Ord. No. 20140424, 5-1-2014)

- **Sec. 18-200. - Failure to collect taxes or make reports.**

If any person, whose duty it is so to do, shall fail or refuse to collect the tax imposed under this article and make timely report and remittance thereof, the town treasurer shall proceed in such manner as is practicable to obtain facts and information on which to base an estimate of the tax due. As soon as the treasurer has procured whatever facts and information which may be obtainable, upon which to base the assessment of any tax payable by any person who has failed to collect, report or remit such tax, the treasurer shall proceed to determine and assess against such person the tax, penalty and interest provided in this article and shall notify such person, by registered mail, sent to such person's last-known address, of the total amount of such tax, penalty and interest. The total amount thereof shall be payable ten days after the date such notice is sent.

(Code 2002, § 66-64; Ord. No. 20140424, 5-1-2014)