



CITY OF WILLIAMSBURG
MEMORANDUM

TO: Mayor and City Council

DATE: June 1, 2017

SUBJECT: *An Ordinance to Add Article XII Admissions Tax to Chapter 18 of the City Code – Proposed Ordinance #17-10*

The proposed ordinance establishes an admissions tax in Article XII, Chapter 18 of the City Code pursuant to Section 33 of the Williamsburg City Charter and State Statute 58.1-3840 of the Code of Virginia. The new tax is proposed to provide revenues for the Tourism Development Fund to be established as a special revenue fund within the City Budget.

The ordinance identifies the five classes for taxation purposes, but provides exemptions to three of the five (* numbers 1, 2, and 4 on the following list):

1. Admissions charged for attendance at any event, the gross receipts of which go wholly to charitable purpose or purposes.*
2. Admissions charged for attendance at public and private elementary, secondary and college school sponsored events, including events sponsored by school-recognized student organizations.*
3. Admissions charged for entry into museums, botanical or similar gardens and zoos.
4. Admissions charged to participants in order to participate in sporting events.*
5. All other admissions.

In imposing the tax, the City has the authority to tax each class of admissions with the same or a different tax rate. A locality may impose admission taxes at lower rates for events held in privately owned facilities than for events held in facilities owned by the locality. The proposed rate of the tax levy is seven percent (7%) consistent with the proposed rates for the transient lodging tax and the prepared food and beverage tax. The 7% rate is estimated to annually generate \$2,230,000 in revenue. The revenue generated from the admissions tax shall be appropriated to the Tourism Development Fund.

Further, the ordinance provides for the reporting of taxes collected, remittance to the Finance Department, and provisions to provide for collection. The ordinance provides for an effective date of January 1, 2018 to provide the necessary time for Finance staff to establish the forms, programming, and inform and assist affected businesses and events in the process of remitting the new tax.

Currently, 16 of 38 Virginia cities levy admissions taxes with a median rate in 2016 of 7% and 8 of the 16 cities having rates above 8%. In addition to the cities, four (4) towns levy an admissions tax. Thirteen (13) counties are granted the authority to levy an admissions tax up to 10% with only three (3) counties reporting to the Weldon Cooper Center in 2016 using the authority.

Staff Contact Phil Serra, Finance Director and Marvin Collins, City Manager

Recommendation: That City Council approve Proposed Ordinance #17-10 – An Ordinance to add Article XII Admissions Tax to Chapter 18 of the City Code to levy an admissions tax in the amount of seven (7) percent and provide for an effective date of January 1, 2018.

Marvin E. Collins, III
City Manager