

TAXING AUTHORITY OF CITIES AND COUNTIES

Pursuant to section 15.2-1104 all cities are authorized to impose any tax at any rate, unless specifically prohibited by law. Conversely, counties may impose only such taxes as are specifically authorized by the General Assembly. Currently, no city has imposed a tax that has not been specifically authorized by the General Assembly.

However, the General Assembly has specifically authorized cities to impose certain taxes that all counties have not been authorized to impose. In addition, the General Assembly has set different rate limitations for cities and counties for certain taxes that both are authorized to impose. The following chart lists the five taxes for which the General Assembly has specified such differences between cities and counties (for all other taxes **currently imposed**, the authority of cities and counties are the same.)

Tax and Authority	Local Governments Empowered to Levy	County-Town Relationship	Remarks
1. Meals Tax (§ 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.
2. Income Tax (§ 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.
3. Cigarettes Tax (§ 58.1-3830)	Arlington and Fairfax Counties Cities Towns		Cities and towns may levy tax with no cap. Arlington and Fairfax limited to tax of \$.05 per pack, or amount levied by State law, whichever is greater.

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4. Transient Occupancy Tax (§§ 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, Bedford, Caroline, Dinwiddie, Franklin, Gloucester, James City, Loudoun, Mecklenburg, 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.
5. Admissions Tax (§§ 58.1-3818, 58.1-3840)	Fairfax, Arlington, Brunswick, Culpeper, Dinwiddie, James City, Nelson, New Kent, 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.