



Northumberland County, Virginia

MEMORANDUM

TO: Northumberland County Board of Supervisors

FROM: E. Luttrell Tadlock, County Administrator

SUBJECT: Consideration of Adding a new Article “Transient Occupancy Tax” to the Northumberland County Code of Ordinances

DATE: August 29, 2023

Issue: Consideration of adding a new article “Transient Occupancy Tax” to Chapter 132 of the Northumberland County Code to authorize the levy of taxes in the amount of two percent of the amount paid for lodging by or for any such transient to any hotel, motel, boardinghouse, travel campground or other facility offering guest accommodations rented out for continuous occupancy for fewer than 30 consecutive days for the occupancy of any room or space that is suitable or intended for occupancy by transients for dwelling, lodging or sleeping purposes

Discussion: The Board requested staff to provide a draft Transient Occupancy Tax ordinance given the discussions during budget time to find alternative forms of revenue instead of relying solely on the real estate tax. Attached to this memo is the draft Transient Occupancy Tax Ordinance.

Chapter 132 Taxation

ARTICLE TBD. - TRANSIENT OCCUPANCY TAX

§132-TBD Levied

There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, on each transient, a tax of two percent of the amount paid for lodging by or for any such transient to any hotel, motel, boardinghouse, travel campground or other facility offering guest accommodations rented out for continuous occupancy for fewer than 30 consecutive days for the occupancy of any room or space that is suitable or intended for occupancy by transients for dwelling, lodging or sleeping purposes. The tax shall be collected from such transient at the time and in the manner provided by this article.

§132-TBD Definitions.

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

Commissioner: The commissioner of revenue of Northumberland County and any duly authorized agents.

Lodging: Space or room furnished any transient, including the cost of all services when furnished with such space or room for a unit price.

Person: Any individual, partnership, society, association, joint stock company, corporation, estate, receiver, trustee, assignee, referee or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise; and any combination or group of individuals acting as a unit.

Transient: Any person who, for a period of not more than 30 consecutive days, either at his own expense, or at the expense of another, obtains lodging as defined herein.

Treasurer: The treasurer of Northumberland County and any duly authorized agents.

§132- TBD Collection procedure

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 board and 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.

§132- TBD Reports and remittance of tax collected

(a) It shall be the duty of every seller of lodging in acting as the tax collection medium or agency for the county to collect from the purchaser of lodging, for the use of the county, the tax hereby imposed and levied at the time of collecting the purchase price charged for the lodging, and the taxes collected during each calendar month shall be reported to the commissioner and remitted by each seller to the treasurer on or before the twentieth day of the following calendar month. The taxes collected by a seller shall be deemed to be held in trust by such seller until they have been remitted to the treasurer. The required report shall be in such form as may be prescribed by the commissioner.

(b) Any seller collecting the tax on transactions exempt or not taxable under the article shall transmit to the treasurer such erroneously or illegally collected tax unless and until he can affirmatively show that the tax has since been refunded to the purchaser or credited to his account.

§132- TBD Interest and penalties upon failure or refusal to remit tax

(a) If any person shall fail or refuse to remit to the 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 five percent thereof if the failure is not for more than 30 days with an additional five percent for each additional 30-day period or fraction thereof during which the failure continues, not to exceed 25 percent in the aggregate, and interest thereon at the rate of eight percent per annum, which shall be computed upon the taxes and penalty from the date such taxes are due and payable.

(b) In the case of a false or fraudulent report to the commissioner with the intent to defraud the county of any tax due under this article, a penalty of 50 percent of the tax shall be assessed against the person required to collect such tax.

§132- TBD Failure or refusal to collect and report tax

If any person 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 commissioner shall proceed to obtain facts and information on which to base an estimate of the tax due. When any such facts and information are obtained 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 commissioner shall proceed to determine and assess against such person such tax, penalty and interest as provided for in this article, and shall notify such person by registered mail sent to his last known place of address, of the amount of such tax, interest and penalty, and the total amount thereof shall be payable to the treasurer within ten days from the date of the mailing of such notice.

§132- TBD Records to be kept by person liable for collection and payment of tax

It shall be the duty of every person liable for the collection and payment to the county of any tax imposed by this article to keep and to preserve for a period of three years such suitable records as may be necessary to determine and show accurately the amount of any such tax for which he has

been responsible. The treasurer or the commissioner may inspect such records at all reasonable times.

§132- TBD Tax immediately due and payable upon cessation of business

Whenever any person required to collect and remit the tax imposed and levied by this article shall go out of business, dispose of his business or otherwise cease to operate, all of such taxes collected and any tax payable under this article shall thereupon be reported to the commissioner and remitted to the treasurer of the county.

§132- TBD Exemptions from tax.

No tax shall be payable under this division on charges for lodging paid to any hospital, medical clinics, convalescent home or home for the aged.

§132- TBD Penalty for violation of article

Any person violating or failing to comply with any of the provisions of this article shall be guilty of a class 1 misdemeanor. Each violation or failure shall constitute a separate offense.