

Memo

To: Roanoke County Board of Supervisors

From: Daniel R. O'Donnell, County Administrator *DOR*

Date: January 24, 2019

Subject: FY 2020 Budget Memo #2: County Meals Tax



In response to a request from Chairman North, following is information on the County's Meals Tax.

The County currently has a Meals Tax of four percent (4%). The Meals Tax is authorized by State Code Section 58.1-3833, and allows any County "... to levy a tax on food and beverages sold, for human consumption, by a restaurant ... not to exceed four percent of the amount charged for such food and beverages." Additionally, "... grocery stores and convenience stores selling prepared foods ready for human consumption at a delicatessen counter shall be subject to the tax, for that portion of the grocery store or convenience store selling such items."¹ Since the County already levies a four percent (4%) Meals Tax, the Code of Virginia does not permit the County to raise the tax higher.

However, if the Code of Virginia were changed and allowed the County to raise its Meals Tax above the four percent (4%) threshold similar to the authority granted to cities in the Commonwealth, an estimate of additional revenue is provided using fiscal year 2018 actual Meals Tax collections. The calculation assumes the rate of consumption would remain constant at the increased rates.

Current Rate	FY 2018 Actual Revenue	Revised Rate	Estimated Revenue
4%	\$4,496,145	5%	\$5,620,181
4%	\$4,496,145	6%	\$6,744,218

If you have any additional questions, please contact Chris Bever, Director of Management and Budget at 540-772-2021 or cbever@roanokecountyva.gov.

¹ <https://law.lis.virginia.gov/vacode/title58.1/chapter38/section58.1-3833/>, Sections A.1. and A.2.

cc: Nancy Horn, Commissioner of the Revenue
Kevin Hutchins, Treasurer
Ruth Ellen Kuhnel, County Attorney
Rebecca Owens, Assistant County Administrator
Richard Caywood, Assistant County Administrator
Laurie Gearheart, Acting Director of Finance
Chris Bever, Director, Office of Management and Budget