

Response to Questions on the FY 2019 Budget

Request By: Chairman Bulova

Question: How does Fairfax County allocate Transient Occupancy Tax revenues to tourism to comply with state requirements?

Response: The Transient Occupancy Tax (TOT) is charged for the occupancy of any room or space in hotels, motels, boarding houses, travel campgrounds, or other facilities providing lodging for less than 30 days. While cities and towns are granted the authority to levy a Transient Occupancy Tax without any rate limitation, counties in Virginia are limited to a tax rate of 2.0 percent based on §58.1-3819 of the *Code of Virginia*, unless given special legislative authority to levy the tax at a higher rate.

During the 2004 General Assembly session, legislation was approved allowing Fairfax County to raise its TOT from 2.0 percent to 4.0 percent with the additional 2.0 percent being used to promote tourism in the County (*Code of Virginia* §58.1-3824.) The Board of Supervisors approved this increase, effective July 1, 2004, as part of the FY 2005 Adopted Budget Plan. As required by legislation, 25.0 percent of the additional revenue is designated to the Fairfax County Convention and Visitors' Center. The remaining 75.0 percent of the additional tax must be used by the County to promote tourism.

The table below summarizes TOT revenue and tourism funding in Fairfax County during the past five years.

Fairfax County Additional Transient Occupancy Tax Revenue and Tourism Funding

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Transient Occupancy Tax (TOT) Revenue	\$9,770,228	\$9,507,979	\$10,389,720	\$10,602,148	\$11,652,421
25%	\$2,442,557	\$2,376,995	\$2,597,430	\$2,650,537	\$2,913,105
<u>EXPENDITURES</u>					
Convention and Visitors Center (FCCVC) 25%	\$2,442,557	\$2,376,995	\$2,597,430	\$2,650,537	\$2,913,105
Additional for FCCVC*	165,787	353,906	92,853	(144,349)	(184,180)
Total to FCCVC	\$2,608,344	\$2,730,901	\$2,690,283	\$2,506,188	\$2,728,925
EDA Budget	\$7,193,593	\$7,288,075	\$7,335,920	\$7,459,647	\$7,570,637
Subtotal Expenditures	\$9,801,937	\$10,018,976	\$10,026,203	\$9,965,835	\$10,299,562
Lorton Arts Foundation	\$3,350,000	\$750,000	\$0	\$0	\$0
Dulles Air and Space Museum	100,000	100,000	100,000	100,000	100,000
Ft Belvoir Army Museum	100,000	100,000	100,000	150,000	150,000
Wolf Trap	125,938	125,938	125,938	125,938	125,938
Fairfax Symphony	261,032	261,032	261,032	261,032	261,032
Arts Council	281,694	281,694	331,694	331,694	331,694
Arts Group Grants	96,900	96,900	96,900	96,900	96,900
Challenge Grant Pool for the Arts	444,125	444,125	444,125	444,125	444,125
Northern Virginia Regional Park Authority	1,979,537	2,080,308	2,114,158	2,137,446	2,149,947
Town of Herndon	40,000	40,000	40,000	40,000	40,000
World Police and Fire Games	250,000	1,250,000	2,000,000	2,000,000	0
Subtotal	\$7,029,226	\$5,529,997	\$5,613,847	\$5,687,135	\$3,699,636
Total Funding for Tourism	\$16,831,163	\$15,548,973	\$15,640,050	\$15,652,970	\$13,999,198
Funding for Tourism above TOT tax	\$7,060,935	\$6,040,994	\$5,250,330	\$5,050,822	\$2,346,777

* The County remits the funding to FCCVC in the beginning of the fiscal year based on an estimate of TOT revenue for the given year. After the close of the fiscal year, a reconciliation between estimated and actual receipts occurs. In some years, the estimated amount the County remitted was more than the actual 25% of TOT receipts. The Board of Supervisors approved a motion for FCCVC to keep the amount above the 25%. However, the Board directed that in the event that underpayment occurred in subsequent fiscal years, the County would not remit the difference to FCCVC until the County recouped the overpayment from previous years.