

**DEPARTMENT OF TAXATION
2025 Fiscal Impact Statement**

1. **Patron** Rae Cousins

3. **Committee** House Finance

4. **Title** Retail Sales and Use Tax;
Public Facility Entitlement

2. **Bill Number** HB 2239

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

The bill would extend, until July 1, 2028, the period of time during which authorized localities may issue bonds for the construction of public facilities and retain sales and use tax revenue generated within the facilities to pay off the bonds. Such authority to issue bonds qualifying for this entitlement of sales and tax revenue previously expired on July 1, 2024.

If enacted during the regular session of the 2025 General Assembly, this bill would become effective July 1, 2025.

6. Budget amendment necessary: No.

7. Fiscal Impact Estimates are: Not available. (See Line 8.)

8. Fiscal implications:

Administrative Costs

The Department of Taxation considers implementation of this bill as routine and does not require additional funding. This bill could result in unknown local administrative costs.

Revenue Impact

This bill would result in an unknown negative impact on state revenues and an unknown revenue gain for the Cities of Bristol, Chesapeake, Fredericksburg, Hampton, Lynchburg, Newport News, Norfolk, Portsmouth, Richmond, Roanoke, Salem, Staunton, Suffolk, Virginia Beach, and Winchester; and the Town of Wise.

9. Specific agency or political subdivisions affected:

Department of Taxation; the Cities of Bristol, Chesapeake, Fredericksburg, Hampton, Lynchburg, Newport News, Norfolk, Portsmouth, Richmond, Roanoke, Salem, Staunton, Suffolk, Virginia Beach, and Winchester; Town of Wise

10. Technical amendment necessary: No.

11. Other comments:

Background

Va. Code § 58.1-608.3 (formerly the Public Facilities Act) allows sales tax revenue attributable to sales in new or substantially and significantly renovated or expanded public facilities to be transferred back to municipalities to pay the costs of the bonds issued to finance such facilities.

Qualifying public facilities include auditoriums, coliseums, convention centers, conference centers, and certain hotels and sports facilities located in the Cities of Chesapeake, Fredericksburg, Hampton, Lynchburg, Newport News, Norfolk, Portsmouth, Richmond, Roanoke, Salem, Staunton, Suffolk, Virginia Beach, and Winchester and the town of Wise. Certain public facilities in the City of Bristol also qualify.

Any municipality which has issued bonds (i) after December 31, 1991, but before January 1, 1996, (ii) on or after January 1, 1998, but before July 1, 1999, (iii) on or after January 1, 1999, but before July 1, 2001, (iv) on or after July 1, 2000, but before July 1, 2003, (v) on or after July 1, 2001, but before July 1, 2005, (vi) on or after July 1, 2004, but before July 1, 2007, (vii) on or after July 1, 2009, but before July 1, 2012, (viii) on or after January 1, 2011, but prior to July 1, 2015, or (ix) on or after January 1, 2013, but prior to July 1, 2024, to pay the cost, or portion thereof, of any public facility shall be entitled to all sales tax revenues generated by transactions taking place in such public facility. Pursuant to Item 3-5.24 of the 2024 Appropriation Act, “sales tax revenues” for purposes of this entitlement means the revenue generated by the 2.025 percent unrestricted sale and use tax under the Virginia Retail Sales and Use Tax Act (*Va. Code* § 58.1-600 et seq.).

Proposal

The bill would extend, until July 1, 2028, the period of time during which authorized localities may issue bonds for the construction of public facilities and retain sales and use tax revenue generated within the facilities to pay off the bonds.

If enacted during the regular session of the 2025 General Assembly, this bill would become effective July 1, 2025.

cc : Secretary of Finance

Date: 01/18/2025 KS
HB2239F161