

**DEPARTMENT OF TAXATION
2025 Fiscal Impact Statement**

1. **Patron** W. Chad Green

2. **Bill Number** HB 2487

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Additional local sales and use tax to support schools; Use of funds

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would authorize Gloucester County to, by ordinance, utilize the revenues from its additional local sales and use tax for the repayment of existing indebtedness incurred from capital projects for new construction or major renovation of schools that were begun or completed prior to the imposition of such tax, regardless of whether such use of funds was described in the referendum authorizing such tax.

Under current law, the Counties of Charlotte, Gloucester, Halifax, Henry, Mecklenburg, Northampton, Patrick, and Pittsylvania and the City of Danville are authorized to levy the additional one percent local tax. The revenues from the tax may be used only for new construction or major renovation of schools, including bond and loan financing costs related to such construction or renovation.

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. **No Fiscal Impact.** (See Line 8.)

8. Fiscal implications:

Administrative Costs

This bill may have an unknown impact to administrative costs in Gloucester County but would not impact state costs.

Revenue Impact

This bill may have an unknown impact on revenues in Gloucester County but would not impact state revenues.

9. Specific agency or political subdivisions affected:

Gloucester County

10. Technical amendment necessary: No.

11. Other comments:

Additional Local Sales and Use Tax to Benefit Schools

Legislation passed during the 2019 and 2020 sessions of the General Assembly authorized the Counties of Charlotte, Gloucester, Halifax, Henry, Mecklenburg, Northampton, Patrick, and Pittsylvania and the City of Danville to impose, by ordinance, an additional local sales and use tax at a rate of up to one percent as determined by its local governing body. This tax is in addition to the one percent general local sales and use tax authorized under current law.

The additional tax must first be approved by voters at a referendum and initiated by a resolution of the local governing body. Further, the tax expires on the date by which bonds or loans are repaid if the capital projects for the construction or renovation of schools are to be financed by bonds or loans; or if the capital projects for the construction or renovation of schools are not financed by bonds or loans, on a date chosen by the governing body and specified in any resolution that imposes the additional tax. The expiration date cannot be more than 20 years after the date of the resolution.

The revenues from the tax may be used only for new construction or major renovation of schools, including bond and loan financing costs related to such construction or renovation.

Proposal

This bill would authorize Gloucester County to, by ordinance, utilize the revenues from its additional local sales and use tax for the repayment of existing indebtedness incurred from capital projects for new construction or major renovation of schools that were begun or completed prior to the imposition of such tax, regardless of whether such use of funds was described in the referendum authorizing such tax.

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

Similar Legislation

Senate Bill 874 would add Pulaski County to the list of qualifying localities that may, by ordinance, levy an additional local sales and use tax of up to one percent for the construction or renovation of schools.

cc : Secretary of Finance

Date: 01/20/2025 VB
HB2487F161