

DEPARTMENT OF TAXATION

2026 Fiscal Impact Statement

1. **Patron** Adam P. Ebbin

3. **Committee** Senate Local Government

4. **Title** Transient occupancy tax; Arlington County

2. **Bill Number** SB 314

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would allow Arlington County to increase its additional transient occupancy tax rate from one-fourth of one percent to one percent.

Under current law, Arlington County may impose an additional transient occupancy tax at a rate not to exceed one-fourth of one percent.

If enacted during the regular session of the 2026 General Assembly session this bill would become effective July 1, 2026.

6. **Budget amendment necessary:** No.

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

8. **Fiscal implications:**

Administrative Costs

This bill would have an unknown impact on administrative costs in Arlington County to the extent it chooses to exercise the authority granted by the bill.

This bill would have no impact on state administrative costs.

Revenues

This bill would have an unknown impact on revenues in Arlington County to the extent it chooses to exercise the authority granted by the bill.

This bill would have no impact on state revenues.

9. **Specific agency or political subdivisions affected:**

Arlington County

10. Technical amendment necessary: No.

11. Other comments:

Transient Occupancy Tax

Under current law, any county may, upon the adoption of an ordinance, impose a transient occupancy tax on hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms. The tax, however, does not apply to rooms rented on a continuous basis by the same individual or group for 30 or more continuous days. The tax applies to rooms intended or suitable for dwelling and sleeping. Therefore, the tax does not apply to rooms used for alternative purposes, such as banquet rooms and meeting rooms. Cities or towns may impose excise taxes on transient room rentals of privately owned accommodations and travel campgrounds. There are no restrictions as to the rate of tax that may be imposed by any locality. However, revenue generated by a rate between two and five percent must be used by the locality for tourism and travel marketing. Revenues from taxes levied in excess of five percent may be used as general fund revenues by the locality.

Arlington County has also been authorized to impose an additional transient occupancy tax at a maximum rate of 0.25 percent of the amount of the charge for accommodations since 2018. The revenue from this additional tax must be used for promoting tourism and business travel within the county.

Arlington County currently imposes its local transient occupancy tax at a rate of 5.25 percent.

Proposal

This bill would allow Arlington County to increase its additional transient occupancy tax rate from one-fourth of one percent to one percent.

If enacted during the regular session of the 2026 General Assembly session this bill would become effective July 1, 2026.

Similar Legislation

House Bill 524 is identical to this bill.

cc : Secretary of Finance

Date: 01/20/2026 VB
SB314F161