

Town of Strasburg

SPECIAL MESSAGE TO THE PUBLIC

LIMITED IN-PERSON ATTENDANCE WILL BE ALLOWED FOR MEETINGS OR UTILIZE OUR LIVESTREAM BY ACCESSING THE LINK BELOW

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To make public comment please submit to:

comment@strasburgva.com

by 4:00 p.m., Monday, September 27th, 2021

Finance & Personnel Committee

Strasburg Town Hall
174 East King Street

Monday, September 27th, 2021
7 p.m.

Finance & Personnel Committee:

Taralyn Nicholson, Chair
Dane Hooser
John Massoud
Paul Weaver

Staff Contacts:

J. Waverly Coggsdale, Town Manager
Angela Fletcher, Director of Finance



Agenda

Please, silence all cellular devices. Thanks.

Citizen Comments on Non-Agenda Items

Action Item:

1.) Approval of Minutes, April 15th, 2021

Description: Approval of the minutes from the April 15th, 2021 Finance & Personnel Committee meeting

Staff Contact: Amy Keller, Clerk of Council

Support Materials: Draft Minutes of the April 15th, 2021, meeting

Discussion Item(s):

1.) Boards and Commissions Appointments

Description: Consideration of appointments to the Architectural Review Board and the Board of Zoning Appeals

Staff Contact: J. Waverly Coggsdale, III, Town Manager

Support Materials: Staff Memo

2.) Employee Personnel Policies Manual Holiday Schedule Review

Description: Review of employee holiday schedule

Staff Contact: J. Waverly Coggsdale, III, Town Manager

Support Materials: Staff Memo and charts

3.) Lodging Tax Amendment for Short Term Rentals

Description: Consideration of a Code amendment for taxes on the gross proceeds arising from short-term rental property

Staff Contact: J. Waverly Coggsdale, III, Town Manager

Support Materials: Staff Memo, Draft Ordinance, Code of Virginia excerpts (§ 58.1-3510.4 and § 58.1-3510.6), Frederick County Code § 155-155

Old or unfinished business

1.) Round-up Program

2.) Arts & Tourism Façade Program

3.) Equal Pay

4.) Smart Meters Update

New business

Adjournment

If you require any type of reasonable accommodation as a result of physical, sensory, or mental disability in order to participate in this meeting, please contact Amy Keller, Town Clerk at 540-465-9197 or amy@strasburgva.com. Three days notice is required.

MINUTES OF THE TOWN COUNCIL FINANCE & PERSONNEL COMMITTEE HELD AT THE STRASBURG TOWN HALL ON THURSDAY, APRIL 15th, 2021 AT 7 P.M.

FINANCE & PERSONNEL COMMITTEE MEMBERS PRESENT: Council Member Nicholson (Chair), Hooser, Massoud, and Weaver.

Other Council Members Present: Mayor Boies and Council Members Monahan, Reynolds, and Ricard.

Council Member Nicholson called the meeting to order.

Citizen Comments:

Action Item:

- *Approval of Minutes:*

Joint meeting of the Finance & Personal Committee and the Public Safety & Ordinance Committee, March 30th, 2021

The minutes were approved as presented.

Discussion Items:

1. Health Insurance for Retirees

Description: Proposed amendment to allow retiring staff members to purchase Town insurance plan at their own cost until eligible for Medicare.

Town Manager Pearson said this is a new topic that just came up recently. We did not think it would be possible to do this, but we have found out that this could be added to our insurance coverage. We are proposing “gap” insurance which would allow employees who are retiring from the town to stay on the town’s policy until they meet Medicare age. It would not add any increase to our rate at this time, but it could add more risk to the pool.

This could be voted on at the April 19 Work Session so that we could meet the deadline for The Local Choice to have this included.

Chairperson Nicholson asked if this would be for employees who have 30 years of service and are retiring at the age of 55, they could stay on the town’s insurance until age 65. This is correct and The Local Choice spells out who would be eligible for the coverage. Anyone who has already retired could not come back and be added; this would only be for employees retiring after July 1, 2021.

Council Member Weaver supports this as does **Council Member Ricard**.

It was the consensus of the committee to move this forward to the work session for a vote.

2. FY2022 1% COLA

Description: Consideration of the deferred 1% cost of living increase for the FY21 budget year.

During the FY2021 budget, it was decided to defer the pay increases until January. It was decided to defer 1% of the COLA to the end of this fiscal year. **Town Manager Pearson** reviewed the revenues as they are coming in up to this point. It appears we will come in over the projected amount of revenue. This will not require a budget amendment as it was voted on at the mid-year budget amendment.

Council Member Weaver asked if it would be problematic to wait this out a little longer and vote on it until June. It would be a retroactive COLA increase. **Town Manager Pearson** said there would be no problem with doing this.

Council Member Hooser said it appears the numbers are working out as we wanted except for lodging.

Council Member Reynolds asked if the revenue projections were what were made after COVID, and they were the budget amendments.

Committee was in agreement to wait until June to vote on this.

3. FY22 Draft Budget Proposal

Description: Continued discussion of the draft budget proposal

Position Requests

- *Assistant Town Manager:*

It was asked that since this will not be acted on at the beginning of the year, should it be pulled back for at least half of a year. **Town Manager Pearson** reviewed the costs the town will be incurring, and we could remove \$26,944 from Draft Budget Proposal (see attached page).

Chairperson Nicholson asked some accounting questions on this and how the money would be allocated. **Town Manager Pearson** said his recommendation would be to leave it all as is, but he was asked to review the cost.

In discussion of the positions, **Chairperson Nicholson** said it was discussed holding back on the assistant town manager for six months. **Town Manager Pearson** said he is recommending keeping in the allocation for this for the entire year.

Council Members Weaver and **Hooser** agreed the money should stay for the full year. Council Member Hooser agreed. **Chairperson Nicholson** would rather wait until the new town manager starts and then wait six months. **The will of the committee was to leave as is.**

- *Zoning Administrator*

Town Manager Pearson said having this position would allow for more proactive planning by the Planning and Zoning Administrator. **Council Member Hooser** thinks it would be good to take some things away from **P&Z Administrator Pambid** and allow him to work on other things and speed up some of the processes, especially with business applications.

Council Member Weaver has problems with the continuation of services with a one person department so this would be helpful as far as succession planning. He had not thought of this as being something that is business friendly, but this makes sense. The amount in the draft budget was said to be \$53,000.

Council Member Hooser thinks this is a good business practice.

The will of the committee was to leave as is in the budget proposal.

- *Police Administrative Assistant*

Town Manager Pearson said the primary focus for this position was in getting the department accredited, but now more record keeping is being handed down by the State, making this position even more needed.

Will of the committee was to keep in the budget as proposed.

- *Community Development Director*

Director of Public Works McKinley does not plan to make any change until the new manager comes on. He feels this should be done by the town manager. He agrees with this as far as the assistant town manager.

Council Member Weaver agrees with this thought as the new person will want to have some leeway in choosing new department heads.

Rates and Fees

Town Manager Pearson showed the chart which gave a comparison of rates with other localities. His recommendation is still to increase the fixed rate. He recommends a \$3 increase per month per bill for sewer. He said we could also reallocate the way some things are allocated, but this would lead us down the path of raising taxes. There is currently a \$400,000 deficit in the Sewer Fund. This fixed rate would give about \$96,000 for the full year.

There are no proposed increases in water rates and curbside trash will increase from \$11.95 to \$12.13 with extra cart rentals increasing .02 (\$1 to \$1.02) per month.

Chairperson Nicholson asked where we are on the new meters. It is in the capital improvements, and it is in the proposed FY22 Budget. It would be two to four months to procure as we will need to go back out to bid.

Chairperson Nicholson asked about the \$3 minimum bill increase for sewer rates. **Council Member Hooser** said it will help with the deficit in the Sewer Fund.

Chairperson Nicholson said if we have the meters in two to four months, when can they be put in. **Director of Public Works McKinley** said it would be a six-month deployment so it would be the second half of the year. **Chairperson Nicholson** said once we start charging this \$3, we will keep it on the bills. Is there a way we can put it off another year and get the new meters out there? **Town Manager Pearson** said from a financial perspective, you can always wait, but it is not advisable from his view. We will be getting money from ARPA, but we do not know how this can be spent. He thinks it is fiscally prudent to have the \$3 increase. This is the first year we have not had a deficit in the water fund, but there is still a large deficit in the sewer fund. Tap fees can only go so far.

Council Member Hooser asked what can be done to close this. **Council Member Weaver** said we can charge what it costs to treat the sewer. **Chairperson Nicholson** said there are people behind the numbers. People are struggling to pay their bills. People are knocking down her door about the bills. We must keep in mind the citizens and businesses.

Town Manager Pearson said implementing the AMI system is a way to help push in the right direction. Time will also help as there is a large debt payment that will eventually be paid out.

Council Member Hooser said as soon as you raise rates by a fixed amount there will be questions.

Town Manager Pearson said there have been progressive rate increases but most of these were in large consumption customers. When you have a trend that people throughout the country are not

using as much water, this puts us in a tough situation. He said if there is one issue that has been on his mind the entire time he has worked here, it is water and sewer fees.

Council Member Hooser said there are other things to do in tandem with the rate increase, but we are still considerably lower than localities around us. He thinks a Round-up Program would help. He asked if it would be difficult to administer this by allowing them to pay part of the bill and then use round-up fees. **Chairperson Nicholson** said it is usually used by a customer who is having a difficult time. It was felt this could be structured somehow.

Chairperson Nicholson asked if we have done a number crunch on the sewer rates. **Town Manager Pearson** said they run a calculation on what the consumption amounts were. This year they did a three year cycle because the use was skewed by COVID.

Council Member Hooser said there was a giant pile of biosolids. Could we find someone who would pay us to take it. **Director of Public Works McKinley** said if we could give it away, we could get rid of some of our expense. We would have to find someone who could take all of it. We must get it to Class B. This line item could be taken away if we could just give it away. **Council Member Hooser** asked if we could find several sources and **Director of Public Works McKinley** said it would have to be a regular user.

Council Member Massoud said he wanted no rate increases.

Council Member Monahan asked about the difference in Class A and Class B biowaste. **Director of Public Works McKinley** said Class A means humans can come in contact with it without any danger of getting sick. You do not have to worry about any safety issues. Currently, we have to repair a part that makes it Class A, but then we have to find a market for it. **Council Member Hooser** does not think it would be difficult to get rid of it. It would cost about \$10,000 - \$15,000 to fix the equipment. **Town Manager Pearson** said if this is something that Council wants to prioritize then this is the time to change the draft budget. He said he would not recommend fixing this part until we have a market.

Council Member Weaver is in favor of the \$3 fixed cost. He understands the larger implication, but it is not responsible to operate an enterprise fund at a deficit.

Council Member Hooser said it is not a good practice to operate as we are doing now. He would have to support the \$3 increase.

Council Member Massoud is against any rate increase this year as is **Chairperson Nicholson**. **Chairperson Nicholson** said she understands what is being said, but she wants to wait on the meters.

Council Member Ricard is against this, too. We need find another way to fund this. **Council Member Hooser** said rates should be increased 2 percent to keep up with inflation.

Chairperson Nicholson would like for each Council person do their own conservation education to help staff. She wishes there was something else we could come up with. She is hoping the new meters will help with this. We have been talking about these meters for four years. This is a way to get a handle on what we are wasting. Our aging pipes come into question; what can we fix?

Town Manager Pearson said he is hearing to prioritize achieving Class A solids and the committee is split on the rate increase. The rate increase will be discussed further at the April 19th Work

Session.

Council Member Reynolds said as far as the rate increase, she is happy to discuss in the Work Session and **Council Member Monahan** agreed.

- *Curbside Trash*

The contractor is proposing an increase from \$11.95 to \$12.13. This is an enterprise fund, and it should balance, but it will not because we are not charging what Shenandoah County charges for tipping fees. The trash cart rentals will also increase two cents. These increases are allowed through the contract with WasteManagement.

Old or Unfinished Business:

- Round-up Program: Staff had no new information on the topic.
- Cigarette Tax:

Council Member Weaver said if there is no new information, he does not want to talk about it. He would like to know what the rates are in surrounding areas.

Council Member Hooser said Winchester charges 35 cents. Our rate has been the same since at least 2012. If it was kept in line with inflation, we would be charging 35 cents.

Chairperson Nicholson asked if this information by Work Session.

Town Manager Pearson said we have a balanced General Fund so the tax should go to a specific thing. **Council Member Hooser** thinks it should go to paying our employees more. We are going to have a study done and it is going to show that our employees want more money.

Council Member Ricard said **President Biden** is going to raise taxes by \$1.25 so we might want to think about that before increasing other taxes.

New Business:

- *Bridgewater Salary Survey Results*

Chairperson Nicholson said this was obtained by **Director of Finance Fletcher** and shared with the committee.

Town Manager Pearson said Bridgewater does this each year. He reviewed the salaries for the Town Manager, Treasurer, Chief of Police, and number of citizens per employees, and number of citizens served per police officer.

- **Juneteenth as an employee holiday**

Town Manager Pearson said the Council Calendar adoption takes place in July at the organizational meeting and it sets the holidays for the year. To change the observed holidays would require a Personnel Policy Amendment. Council can vote to add holidays mid-year.

A list of the holiday closures was shown:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day and day after
- Christmas Eve
- Christmas Day
- + (6) Floater Days

As shown, employees also get floater days. The thought was that this would save on overtime and allow people to work on days normally thought of as holidays. Floater days are scheduled with supervisors, just as annual leave is.

Council Member Weaver said he spent some time today visiting locality websites. We have a pretty good website compared to many of the localities. The way they do the holidays are all over the place. There is not a lot of uniformity. He likes the simplest approach in how to do the holidays.

Council Member Hooser asked if Juneteenth is a State Holiday, and it is.

Chairperson Nicholson said last year we did not have enough time to do anything about this.

Council Member Massoud said on one hand we have too many holidays now, but we need to recognize Juneteenth somehow. Will this be discussed further at the next meeting? **Chairperson Nicholson** said we can take it to the Work Session. **Council Member Massoud** said he would lean toward a town holiday, and **Council Member Hooser** agreed.

Council Member Reynolds thanked the committee for putting it on the agenda. She feels what this represents marks such a monumental shift in our country and needs to be held in the hearts and minds of our town.

Council Member Massoud said we can recognize this without giving the day off.

The committee recommends sending this to the Work Session.

Council Member Monahan asked if we are talking about replacing a floater day with Juneteenth or giving an extra day off.

Some thought it would be reducing the floater days from six to five. **Town Manager Pearson** will have to bring this back to staff.

Chairperson Nicholson would like to have a list of all holidays done during the organizational meeting each year.

Town Manager Pearson would like to have the employees polled to see what they would like to do as far as holidays.

Mayor Boies said when we think about ways of not having to raise rates, we need to pay attention to our economic development opportunities.

With no other business, the meeting adjourned at 8:27 p.m.

Assistant Town Manager Timing & Cost

Assistant Town Manager budgeted full year at \$93,131 (half year \$46,565)

\$13,621 in additional personnel costs (Interim positions 6-months)

\$6,000 in contractual services for Town manager search

If Town Manager hired 6 months from next week (mid-October)

Assume they hire a new Assistant with 1-2 months (December-January)

You could remove \$26,944 from Draft Budget Proposal



Memorandum

To: Finance & Personnel Committee
From: Waverly Coggsdale, Town Manager
Date: September 20, 2021
Re: Agenda Items

ACTION ITEMS:

- 1.) Approval of Minutes, April 15, 2021
 - ◇ Motion to Approve as presented or amended.

DISCUSSION ITEMS:

- 1.) Boards and Commission Appointments
 - ◇ Two appointments (Architectural Review Board (1) and Board of Zoning Appeals (1) expire on 12/31/2021)
 - ◇ Staff needs direction on next step:
 - Reappointment
 - New Appointment
- 2.) Employee Personnel Policies Manual – Holiday Schedule Review
 - ◇ Staff has reviewed other localities holiday policies and the chart is attached.
 - ◇ Staff would recommend “No Change” to the existing list of holidays and the six (6) “floater” days.
- 3.) Lodging Tax Amendment for Short Term Rentals
 - ◇ Staff has reviewed §58.1-605 of the Code of Virginia, it sets for the following taxes on the gross proceeds arising from short-term rental property:
 - 1% tax for business with not less than 80% of the gross rental receipts of such business arose from transactions of periods of 92 consecutive days or less.
 - 1 ½ % for business with not less than 60% of the gross rental receipts of such business arose from transactions of periods of 270 consecutive days or less
 - ◇ Staff has provided the Frederick County “Short-Term Rental Property Tax” (ARTICLE XXVI - §155-155)



OLD OR UNFINISHED BUSINESS:

- 1.) Round-up Program
- 2.) Arts & Tourism Façade Program
- 3.) Equal Pay (Utility Bill)
- 4.) Smart Meters Update

NEW BUSINESS:

HOLIDAY COMPARISON - 2021

	<i>Strasburg</i>	<i>Winchester</i>	<i>Harrisonburg</i>	<i>Shenandoah Co.</i>	<i>Woodstock</i>	<i>Mt Jackson</i>	<i>Luray</i>
				See Note Below	See Note Below		
New Year's Day	✓	✓	✓			✓	✓
Martin Luther King Day		✓	✓			✓	✓
President's Day		✓	✓			✓	✓
Good Friday							✓
Spring Holiday			✓				
Apple Blossom Friday		✓					
Memorial Day	✓	✓	✓			✓	✓
Juneteenth			✓			✓	✓
Independence Day	✓	✓	✓			✓	✓ ¹
Labor Day	✓	✓	✓			✓	✓
Indigenous Peoples Day		✓					
Columbus Day & Yorktown Victory Day						✓	✓
Election Day						✓	✓
Veterans Day		✓	✓			✓	✓
Thanksgiving Day	✓	✓	✓			✓	✓ ²
Friday after Thanksgiving	✓	✓	✓			✓	✓
Christmas Eve	✓	✓	✓			✓	✓ ³
Christmas Day	✓	✓	✓			✓	✓
Floaters	6						
Total:	14	13	13			14	17

¹ Luray provides Friday, July 2 as a 1/2 day for Employee Picnic.

² Luray provides a 1/2 day on Wednesday before Thanksgiving.

³ Luray provides the day before Christmas Eve.

⁴ Luray provides a personal holiday on their birthday for every five years of employment completed.

Shenandoah County observes the recognized state holidays (designated by the Governor of the Commonwealth of Virginia).

Woodstock's Personnel Handbook indicates that holidays are those designated by the Governor of the Commonwealth of Virginia or additional holidays as designated by Town Council.

Commonwealth of Virginia 2021 Pay and Holiday Calendar Revised October 2020

State Holidays

- January 1**
New Year's Day
- January 18**
Martin Luther King, Jr. Day
- February 15**
George Washington Day
- May 31**
Memorial Day
- June 18**
Juneteenth (Observed)
- July 5**
Independence Day (Observed)
- September 6**
Labor Day
- October 11**
Columbus Day & Yorktown Victory Day
- November 2**
Election Day
- November 11**
Veterans Day
- November 24**
4 hours additional holiday time
- November 25**
Thanksgiving
- November 26**
Day After Thanksgiving
- December 23**
8 hours additional holiday time
- December 24**
Christmas (Observed)
- December 31**
New Year's (Observed)

Please note: In some agencies, the holiday and payday schedule may vary from what is shown here. If you have questions, see your agency human resources officer.

Denotes Payday

Denotes Holiday

Denotes Additional Time Off 8 hrs 4 hrs

Denotes Payday on Holiday or Time Off

Published by the Virginia Department of Human Resource Management. An equal opportunity employer.

Published by Commonwealth of Virginia October 2020



January

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Amendments for the purposes of including short-term rentals as taxable transient lodging.

CHAPTER 78, ARTICLE VII. - TRANSIENT OCCUPANCY TAX

Sec. 78-256. - Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Hotel means any public or private hotel, inn, apartment hotel, bed and breakfast, hostelry, tourist home or house, motel, roominghouse, *short-term rental* or other lodging place within the town offering lodging for ~~two~~ *one* or more persons at any one time, and the owner and operator thereof, who, for compensation, furnishes lodging to any transients.

Room or space rental means the total charge made by any hotel or travel campground for lodging or space furnished any transient. If the charges made by such hotel or travel campground to transients include any charge for services or accommodations, in addition to that of lodging, and the use of space, then such portion of the total charge as represents only room and space rental shall be distinctly set out and billed to such transient by such hotel or travel campground as a separate item.

Transient means any natural person who, for any period of not more than 30 consecutive days, either at his own expense or at the expense of another, obtains lodging or the use of any space in any hotel or travel campground for which lodging or use of space a charge is made.

Travel campground means any area or tract of land used to accommodate two or more camping parties, including tents, travel trailers or other camping outfits.

(Ord. of 12-12-2006(3))

Sec. 78-257. - Penalty for violation.

Any person violating or failing to comply with any of the provisions of this article shall be guilty of a class 3 misdemeanor. Each such violation or failure and each day's continuance thereof shall constitute a separate offense. Such conviction shall not relieve any such person from the payment, collection or remittance of the tax as provided in this article.

(Ord. of 12-12-2006(3))

Sec. 78-258. - Amount and levy.

There is hereby imposed and levied by the town, in addition to all other taxes, fees, and charges of every kind, now or hereafter imposed by law, a tax in the amount of six percent of the total amount paid for room or space rental to any hotel or travel campground.

(Ord. of 12-12-2006(3); Ord. of 6-14-2016(1))

Sec. 78-259. - Collection.

Every person receiving any payment of room or space rental with respect to which a tax is levied under this article, shall collect the amount of tax hereby imposed from the transient on whom the same is levied or from the person paying for such room or space rental, at the time payment for such rooms or space is made, and the tax shall be paid to the town.

(Ord. of 12-12-2006(3))

Sec. 78-260. - Administrative guidelines.

The town manager shall establish guidelines as necessary to administer the terms of this article.

(Ord. of 12-12-2006(3))

Sec. 78-261. - Reports and remittances.

The person collecting any tax levied under this article shall make out a report upon forms, setting forth information as the director of finance may prescribe and require, showing the amount of room or space rental charges collected and the tax required to be collected, and shall sign and deliver the same, along with a remittance of such tax, to the director of finance. Such reports and remittances shall be made to the director of finance on or before the twentieth day of the calendar month following the month being reported.

(Ord. of 12-12-2006(3))

Sec. 78-262. - Exemptions.

No tax shall be payable under this article on room or space rental paid to any hospital, medical clinic, convalescent home or home for the aged. ~~No tax shall be payable under this article on individually owned single family homes or condominium units which are rented through an agency which provides advertising, reservations, housekeeping, accounting, and/or check in services.~~

(Ord. of 12-12-2006(3))

Sec. 78-263. - Advertising payment or absorption of tax.

No person shall advertise or hold out to the public in any manner, directly or indirectly, that all or any part of a tax imposed under this article will be paid or absorbed by him or by anyone else, or that he or anyone else will relieve any purchaser of the payment of all or any part of such tax.

(Ord. of 12-12-2006(3))

Sec. 78-264. - Penalty and interest for failure to remit taxes when due.

If any person whose duty it is to do so shall fail or refuse to remit to the director of finance the tax required to be collected under this article, within the time and in the amount specified in this article, there shall be added to such tax by the director of finance a penalty as set from time to time by the town council. In addition, there shall be added to such unpaid tax interest at a rate as set from time to time by the town council on the amount of tax delinquent, such interest to commence on the first day of the month following the month in which such taxes are due. For the second and subsequent years of delinquency, interest shall be imposed at the rate established pursuant to section 6621 of the Internal Revenue Code of 1954, as amended, or at a rate as set from time to time by the town council, whichever is greater.

(Ord. of 12-12-2006(3))

Sec. 78-265. - Procedure upon failure or refusal to collect taxes or make remittances and reports.

If any person whose duty it is to do so shall fail or refuse to collect the tax imposed under this article or to make within the time provided in this article the reports and remittances required by this article, the director of finance shall proceed in such a manner as he may deem best to obtain the facts and information as he is able to obtain upon which to base the assessment of any tax payable by any person who has failed or refused to collect such tax or to make such report and remittance. He shall proceed to determine and

assess against such person such tax and penalty by registered mail at his last known place of address of the amount of such tax and interest and penalty and the total amount thereof shall be payable within ten days from the date of such notice.

(Ord. of 12-12-2006(3))

Sec. 78-266. - Preservation of records.

It shall be the duty of every person required by this article to pay to the town the taxes imposed by this article to keep and to preserve for a period of two years records showing all purchases taxable under this article, the amount charged the purchaser for each purchase, the date thereof, the taxes collected thereon and the amount of tax required to be collected by this article. The director of finance or his duly authorized agents shall have the power to examine such records at reasonable times and without unreasonable interference with the business of such person, for the purpose of administering and enforcing the provisions of this article and to make transcripts of all or any parts thereof.

(Ord. of 12-12-2006(3))

Sec. 78-267. - Cessation of business; report and tax due immediately.

Whenever any person required to collect and pay to the town a tax under this article shall cease to operate and shall otherwise dispose of his business, any tax payable under the provisions of this article shall become immediately due and payable. Such person shall immediately make a report and pay the tax due.

(Ord. of 12-12-2006(3))

Code of Virginia

Title 58.1. Taxation

Subtitle III. Local Taxes

Chapter 35. Tangible Personal Property, Machinery and Tools and Merchants' Capital

Article 3.1. Short-Term Rental Property

§ 58.1-3510.4. Short-term rental property; short-term rental businesses

A. For purposes of this article, "short-term rental property" means all tangible personal property held for rental and owned by a person engaged in the short-term rental business as defined in subsection B, excluding (i) trailers as defined in § 46.2-100, and (ii) other tangible personal property required to be licensed or registered with the Department of Motor Vehicles, Department of Wildlife Resources, or Department of Aviation.

Short-term rental property shall constitute a classification of merchants' capital that is separate from other classifications of merchants' capital. For local property taxation purposes, the governing body of any county, city, or town may tax short-term rental property pursuant to § 58.1-3509 or may impose the tax authorized under § 58.1-3510.6, but not both.

B. A person is engaged in the short-term rental business if:

1. Not less than 80 percent of the gross rental receipts of such business during the preceding year arose from transactions involving the rental of short-term rental property, other than heavy equipment property as defined in subdivision 2, for periods of 92 consecutive days or less, including all extensions and renewals to the same person or a person affiliated with the lessee; or
2. Not less than 60 percent of the gross rental receipts of such business during the preceding year arose from transactions involving the rental of heavy equipment property for periods of 270 consecutive days or less, including all extensions and renewals to the same person or a person affiliated with the lessee. For the purposes of this subdivision, "heavy equipment property" means rental property of an industry that is described under code 532412 or 532490 of the 2002 North American Industry Classification System as published by the United States Census Bureau, excluding office furniture, office equipment, and programmable computer equipment and peripherals as defined in § 58.1-3503 A 16.

C. For purposes of determining whether a person is engaged in the short-term rental business as defined in subsection B, (i) a person is "affiliated" with the lessee of rental property if such person is an officer, director, partner, member, shareholder, parent or subsidiary of the lessee, or if such person and the lessee have any common ownership interest in excess of five percent, (ii) any rental to a person affiliated with the lessee shall be treated as rental receipts but shall not qualify for purposes of the 80 percent requirement of subdivision 1 of subsection B or the 60 percent requirement of subdivision 2 of subsection B, and (iii) any rental of personal property which also involves the provision of personal services for the operation of the personal property rented shall not be treated as gross receipts from rental, provided however that the delivery and installation of tangible personal property shall not mean operation for the purposes of this subdivision.

D. A person who has not previously been engaged in the short-term rental business who applies for a certificate of registration pursuant to § 58.1-3510.5 shall be eligible for registration upon his

certification that he anticipates meeting the requirements of a specific subdivision of subsection B, designated by the applicant at the time of application, during the year for which registration is sought.

E. In the event that the commissioner of the revenue makes a written determination that a rental business previously certified as short-term rental business pursuant to § 58.1-3510.5 has failed to meet either of the tests set forth in subsection B during a preceding tax year, such business shall lose its certification as a short-term rental business and shall be subject to the business personal property tax with respect to all rental property for the tax year in which such certification is lost and any subsequent tax years until such time as the rental business obtains recertification pursuant to § 58.1-3510.5. In the event that a rental business loses its certification as a short-term rental business pursuant to this subsection, such business shall not be required to refund to customers daily rental property taxes previously collected in good faith and shall not be subject to assessment for business personal property taxes with respect to rental property for tax years preceding the year in which the certification is lost unless the commissioner makes a written determination that the business obtained its certification by knowingly making materially false statements in its application, in which case the commissioner may assess the taxpayer the amount of the difference between short-term rental property taxes remitted by such business during the period in which the taxpayer wrongfully held certification and the business personal property taxes that would have been due during such period but for the certification obtained by the making of the materially false statements. Any such assessment, and any determination not to certify or to decertify a rental business as a short-term rental business as defined in this subsection, may be appealed pursuant to the procedures and requirements set forth in § 58.1-3983.1 for appeals of local business taxes, which shall apply mutatis mutandis to such assessments and certification decisions.

F. A rental business that has been decertified pursuant to the provisions of subsection E shall be eligible for recertification for a subsequent tax year upon a showing that it has met one of the tests provided in subsection B for at least ten months of operations during the present tax year.

2009, cc. 480, 692;2010, cc. 255, 295;2020, c. 958.

The chapters of the acts of assembly referenced in the historical citation at the end of this section(s) may not constitute a comprehensive list of such chapters and may exclude chapters whose provisions have expired.

Code of Virginia

Title 58.1. Taxation

Subtitle III. Local Taxes

Chapter 35. Tangible Personal Property, Machinery and Tools and Merchants' Capital

Article 3.1. Short-Term Rental Property

§ 58.1-3510.6. Short-term rental property tax

A. The governing body of any county, city, or town may levy a tax in an amount not to exceed one percent, in addition to the tax levied pursuant to § 58.1-605, on the gross proceeds arising from rentals of any person engaged in the short-term rental business as defined in § 58.1-3510.4 B 1. "Gross proceeds" means the total amount charged to each person for the rental of short-term rental property, excluding any state and local sales tax paid under the provisions of Chapter 6 (§ 58.1-600 et seq.) of this title.

B. The governing body of any county, city, or town may levy a tax in an amount not to exceed one-and-one-half percent, in addition to the tax levied pursuant to § 58.1-605, on the gross proceeds arising from rentals of any person engaged in the short-term rental business as defined in § 58.1-3510.4 B 2. "Gross proceeds" means the total amount charged to each person for the rental of short-term rental property, excluding any state and local sales tax paid under the provisions of Chapter 6 (§ 58.1-600 et seq.) of this title.

C. Any person engaged in the short-term rental business, as defined in § 58.1-3510.4, in a city, county or town that has adopted an ordinance imposing a short-term rental property tax pursuant to this section shall collect such tax from each lessee of rental property at the time of rental and shall transmit a quarterly return, not later than the fifteenth day following the end of each calendar quarter, to the commissioner of the revenue of the county or city or the designated official of the town wherein the tax is collected, reporting the gross rental proceeds derived from the short-term rental business. The commissioner of the revenue shall assess the tax due, and the short-term rental business shall pay the tax so assessed to the treasurer or director of finance not later than the last day of the month following the end of the calendar quarter. Any failure to file a quarterly return required by this section or to pay short-term rental property tax when due shall be subject to the provisions of § 58.1-3510.7.

D. Notwithstanding the provisions of subsections A and B, no tax shall be collected or assessed on (i) rentals by the Commonwealth, any political subdivision of the Commonwealth or the United States or (ii) any rental of durable medical equipment as defined in subdivision 10 of § 58.1-609.10.

E. Except for daily rental vehicles pursuant to § 58.1-3510 and short-term rental property, rental property shall be classified, assessed and taxed as tangible personal property.

2009, cc. 480, 692;2010, cc. 255, 295.

The chapters of the acts of assembly referenced in the historical citation at the end of this section(s) may not constitute a comprehensive list of such chapters and may exclude chapters whose provisions have expired.

ARTICLE XXVI
Short-Term Rental Property Tax
[Adopted 9-8-2010]

§ 155-155. Definitions; imposition and collection of tax; registration.

- A. Definitions. As used in this article, the following terms shall have the meanings indicated:

GROSS PROCEEDS — The total amount charged to each person for the rental of short-term rental property, excluding any state and local sales tax paid under the provisions of Chapter 6 (§ 58.1-600 et seq.) of Title 58.1 of the Code of Virginia.

SHORT-TERM RENTAL PROPERTY — All tangible personal property held for rental and owned by a person engaged in the short-term rental business as defined in Subsection B, excluding:

- (1) Trailers as defined in § 46.2-100 of the Code of Virginia; and
- (2) Other tangible personal property required to be licensed or registered with the Virginia Department of Motor Vehicles, Virginia Department of Game and Inland Fisheries, or Virginia Department of Aviation.

- B. There is hereby imposed the following tax:

- (1) In the amount of 1%, in addition to the tax levied pursuant to § 58.1-605 of the Code of Virginia, on the gross proceeds arising from rentals of any person engaged in any business as to which not less than 80% of the gross rental receipts of such business during the preceding year arose from transactions involving the rental of short-term rental property, other than heavy equipment property as defined in Subsection B(2), for periods of 92 consecutive days or less, including all extensions and renewals to the same person or a person affiliated with the lessee.
- (2) In the amount of 1 1/2%, in addition to the tax levied pursuant to § 58.1-605 of the Code of Virginia, on the gross proceeds arising from rentals of any person engaged in any business as to which not less than 60% of the gross rental receipts of such business during the preceding year arose from transactions involving the rental of heavy equipment property for periods of 270 consecutive days or less, including all extensions and renewals to the same person or a person affiliated with the lessee. For the purposes of this subsection, "heavy equipment property" means rental property of an industry that is described under Code 532412 or 532490 of the 2002 North American Industry Classification System as published by the United States Census Bureau, excluding office furniture, office equipment, and programmable computer equipment and peripherals as defined in § 58.1-3503A(16) of the Code of Virginia.

- C. For purposes of determining whether a person is engaged in the short-term rental business as defined in Subsection B:

- (1) A person is "affiliated" with the lessee of rental property if such person is an officer, director, partner, member, shareholder, parent or subsidiary of the lessee, or if such person and the lessee have any common ownership interest in excess of 5%;
 - (2) Any rental to a person affiliated with the lessee shall be treated as rental receipts but shall not qualify for purposes of the eighty-percent requirement of Subsection B(1) or the sixty-percent requirement of Subsection B(2); and
 - (3) Any rental of personal property which also involves the provision of personal services for the operation of the personal property rented shall not be treated as gross receipts from rental; provided, however, that the delivery and installation of tangible personal property shall not mean operation for the purposes of this subsection.
- D. Any person engaged in the short-term rental business, as defined in this section, shall collect such tax from each lessee of rental property at the time of rental and shall transmit a quarterly return, not later than the 15th day following the end of each calendar quarter, to the Commissioner of the Revenue, reporting the gross rental proceeds derived from the short-term rental business. The Commissioner of the Revenue shall assess the tax due, and the short-term rental business shall pay the tax so assessed to the Treasurer not later than the last day of the month following the end of the calendar quarter. Any failure to file a quarterly return required by this section or to pay short-term rental property tax when due shall be subject to the provisions of § 58.1-3510.7 of the Code of Virginia. No tax under this section shall be collected or assessed, however, on:
- (1) Rentals by the Commonwealth, any political subdivision of the Commonwealth or the United States; or
 - (2) Any rental of durable medical equipment as defined in Subsection 10 of § 58.1-609.10 of the Code of Virginia.
- E. Registration.
- (1) Every person engaging in the short-term rental business, as defined in this section, shall file annually with the Commissioner of the Revenue an application for a certificate of registration. The application shall be in a form prescribed by the Commissioner of the Revenue and shall set forth the name under which the applicant operates or intends to operate the rental business, the location of the business, the paragraph of Subsection B under which the business asserts that it is qualified for certification as a short-term rental business, and such other information as the Commissioner may require.
 - (2) Each applicant shall sign the application as owner of the rental business. If the rental business is owned by an association, partnership, limited liability company, or corporation, the application shall be signed by a member, partner, executive officer, or other person specifically authorized by the association, partnership, limited liability company, or corporation to sign.

- (3) Upon approval of the application by the Commissioner, a certificate of registration shall be issued. The certificate shall be conspicuously displayed at all times at the place of business for which it is issued.
- (4) The certificate is not assignable and shall be valid only for the person in whose name it is issued and the place of business designated.
- (5) A person who has not previously been engaged in the short-term rental business who applies for a certificate of registration pursuant to this section shall be eligible for registration upon his certification that he anticipates meeting the requirements of a specific paragraph of Subsection B, designated by the applicant at the time of application, during the year for which registration is sought.
- (6) In the event that the Commissioner of the Revenue makes a written determination that a rental business previously certified as short-term rental business pursuant to this section has failed to meet either of the tests set forth in Subsection B during a preceding tax year, such business shall lose its certification as a short-term rental business and shall be subject to the business personal property tax with respect to all rental property for the tax year in which such certification is lost and any subsequent tax years until such time as the rental business obtains recertification pursuant to this section. In the event that a rental business loses its certification as a short-term rental business pursuant to this subsection, such business shall not be required to refund to customers daily rental property taxes previously collected in good faith and shall not be subject to assessment for business personal property taxes with respect to rental property for tax years preceding the year in which the certification is lost unless the Commissioner makes a written determination that the business obtained its certification by knowingly making materially false statements in its application, in which case the Commissioner may assess the taxpayer the amount of the difference between short-term rental property taxes remitted by such business during the period in which the taxpayer wrongfully held certification and the business personal property taxes that would have been due during such period but for the certification obtained by the making of the materially false statements. Any such assessment, and any determination not to certify or to decertify a rental business as a short-term rental business as defined in this subsection, may be appealed pursuant to the procedures and requirements set forth in § 58.1-3983.1 of the Code of Virginia for appeals of local business taxes, which shall apply mutatis mutandis to such assessments and certification decisions.
- (7) A rental business that has been decertified pursuant to the provisions of this subsection shall be eligible for recertification for a subsequent tax year upon a showing that it has met one of the tests provided in Subsection B for at least 10 months of operations during the present tax year.