



MEMORANDUM

TO: Timothy J. Baroody, City Manager
FROM: Kathleen Dooley, City Attorney
SUBJECT: Ending the extended due dates for payment of Admissions, Lodging, and Meals Taxes
DATE: July 6, 2021 (for the July 13, 2021 Council Meeting)

ISSUE

Shall City Council adopt an ordinance ending the COVID-19 extended due dates for payment of Admissions, Lodging, and Meals taxes?

RECOMMENDATION

Yes. Virginia Governor Ralph Northam allowed the Commonwealth of Virginia’s State of Emergency, declared under Executive Order 51, to expire on June 30, 2021. The City Council will take action to end the City’s own declared State of Emergency on July 13, 2021. Council is winding down many of its emergency actions, and, by the adoption of this ordinance, would end the extended due date for payment of excise taxes in light of the end of the state of emergency.

DISCUSSION

City Council adopted Ordinance 20-06, “Extending the Due Dates for Payment of Admissions, Lodging, and Meals Taxes due to the COVID-19 Public Health Emergency” at a Special Meeting on April 7, 2020. The purpose of the ordinance was to delay the date of tax payment (but not reporting) for admissions, lodging, and meals taxes in light of the economic hardship on local businesses by the COVID-19 public health emergency. The ordinance provided that the 60-day extension shall continue until the local resolution ending the state of emergency is adopted.

These taxes are collected by the vendor from its customers and held in trust for the City for payment on or before the 20th day of the following month. The Commissioner of the Revenue reports that most City businesses have returned to paying these taxes under the regular schedule.

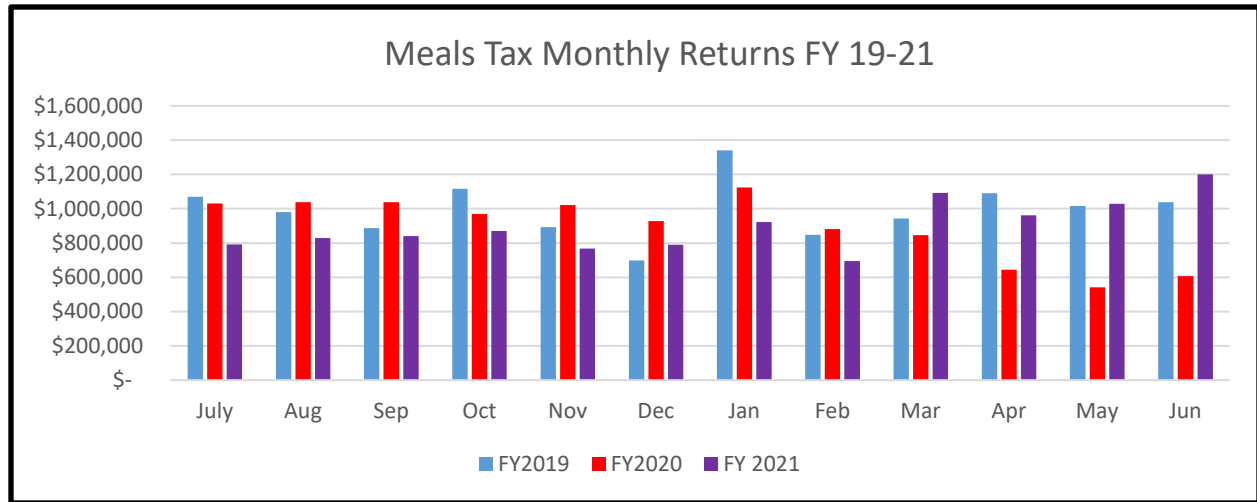
FISCAL IMPACT

The fiscal impact of the change in due date is negligible. For a more detailed look at the City's recent history of these collections, please see the one-page attached brief. The attachment does not include admissions taxes; the recent opening of the Fredericksburg Nationals Stadium create an anomaly in the collection history of admissions taxes.

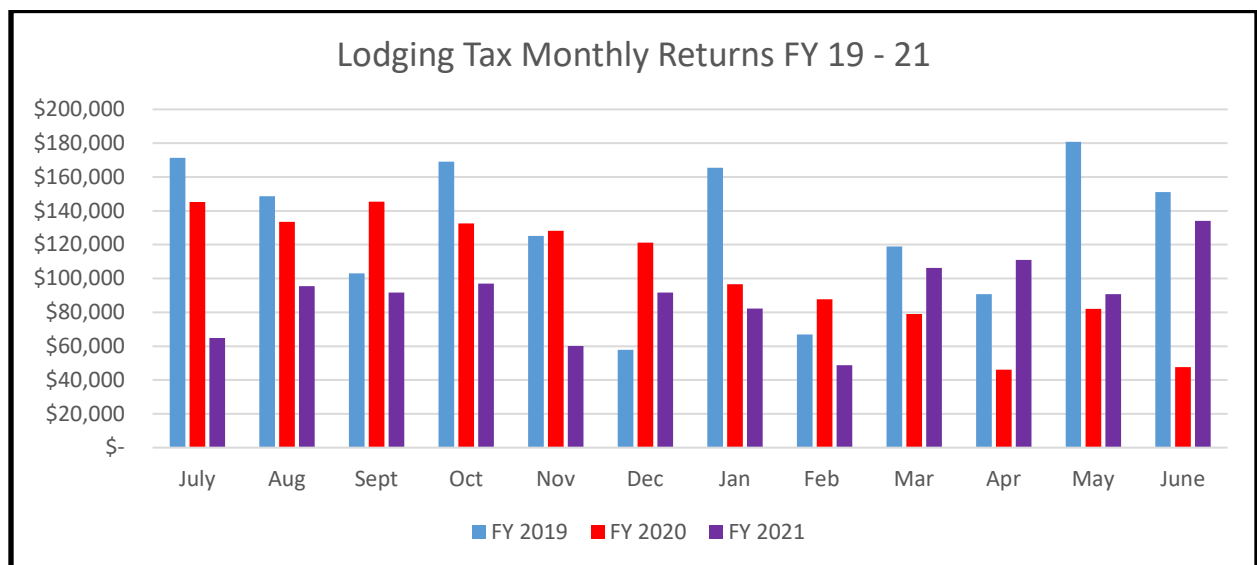
July 7, 2021 – General Analysis of Meals and Lodging taxes - monthly

Collections for meals and lodging taxes were significantly down during the spring of 2020 and into FY 2021. There has been a significant rebound in collections over the last few months as the pandemic restrictions have been lifted.

The unadjusted collections (no accrual adjustments in July) are shown here in chart form for meals taxes. FY 2019 is included as a “normal” year for comparison.



The unadjusted collections are shown here for lodging taxes as well for comparison. The lodging taxes are slightly more variable on a month-to-month basis than the meals taxes because of the smaller number of filers. The trend on a monthly basis remains generally the same – a sharp decline in the spring of 2020, then an increase beginning in the winter and spring of 2021.





July 13, 2021
Regular Meeting
Ordinance No. 21-__

MOTION:

SECOND:

RE: Ending the extended due dates for payment of Admissions, Lodging, and Meals Taxes

ACTION: APPROVED: Ayes: 0; Nays: 0

FIRST READ: _____ SECOND READ: _____

Sec. I. Introduction.

City Council adopted Ordinance 20-06, "Extending the Due Dates for Payment of Admissions, Lodging, and Meals Taxes due to the COVID-19 Public Health Emergency" at a Special Meeting on April 7, 2020. The purpose of the ordinance was to delay the date of tax payment (but not reporting) for admissions, lodging, and meals taxes in light of the economic hardship on local businesses by the COVID-19 public health emergency. The ordinance provided that the 60-day extension shall continue until the local resolution ending the state of emergency is adopted.

Virginia Governor Ralph Northam allowed the Commonwealth of Virginia's State of Emergency, declared under Executive Order 51, to expire on June 30, 2021. The City Council will take action to end the City's own declared State of Emergency on July 13, 2021. Council is winding down many of its emergency actions, and intends, by the adoption of this ordinance, to end the extended due date for payment of excise taxes in light of the end of the state of emergency.

Sec. II. Ending the extended due dates for admissions, lodging, and meals taxes effective September 1.

1. Effective September 1, 2021, the extended due date for the remittance (payment) of local admissions, lodging, and meals taxes, put in place by adoption of Ordinance 20-06, shall cease. The due date for remittance of these taxes shall revert to the schedule in the City Code.

2. Effective September 1, 2021, the due date for remittance (payment) of meals taxes shall revert to the schedule in City Code §70-440.
3. Effective September 1, 2021, the due date for remittance (payment) of lodging taxes shall revert to the schedule in City Code §70-449.
4. Effective September 1, 2021, the due date for remittance (payment) of admission taxes shall revert to the schedule in City Code §70-544.

Sec. III. Effective date.

This ordinance shall be effective September 1, 2021.

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

Approved as to form:

Kathleen Dooley, City Attorney

Clerk's Certificate

I, the undersigned, certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Ordinance No. 21- duly adopted at a meeting of the City Council meeting held Date, 2021 at which a quorum was present and voted.

Tonya B. Lacey, MMC
Clerk of Council