Shenandoah County

County Food and Beverage Tax
(Meals Tax)

Shenandoah County Meals Tax

What does the State Allow?

- Commonwealth of Virginia permits counties to "levy a tax on food and beverages sold for human consumption by a restaurant… **not to exceed 4%"**

Shenandoah County Meals Tax

How does Virginia State Code Define "Restaurants?"

- "any place where food is ***prepared*** for service to the public on or off premises…"

Examples Include, but aren't limited to:

Cafes
Cafeterias
Lunchrooms
Short Order Places
Taverns

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What is not subject to meals taxes?

- Food sold in vending machines
- Food provided to those staying in boarding houses (non- transient)
- Alcoholic beverages sold in factory sealed containers
- Factory cafeterias
- Food provided by a restaurant to their employees as part of their compensation

Shenandoah County Meals Tax

What is not subject to meals taxes? (Continued)

- Food provided by nursing homes, hospitals and similar facilities
- Food provided by daycare centers
- Food provided to the elderly (e.g. meals on wheels)

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What About Non-Profits?

- Non-profits include, but aren't limited to:
  - *Volunteer Fire and/or Rescue Departments*
  - *Churches*
  - *Educational, Charitable, Fraternal, or Benevolent Organizations*
- Meals must be prepared and sold by the non-profit as a fundraising activity.
- Proceeds must be used for the stated charitable, benevolent, etc. purpose.

If the above criteria are met, the first three (3) times prepared meals are sold are not subject to the meals tax.

Beginning with the fourth (4th) prepared meal, the tax would become effective once gross proceeds exceed $100,000.

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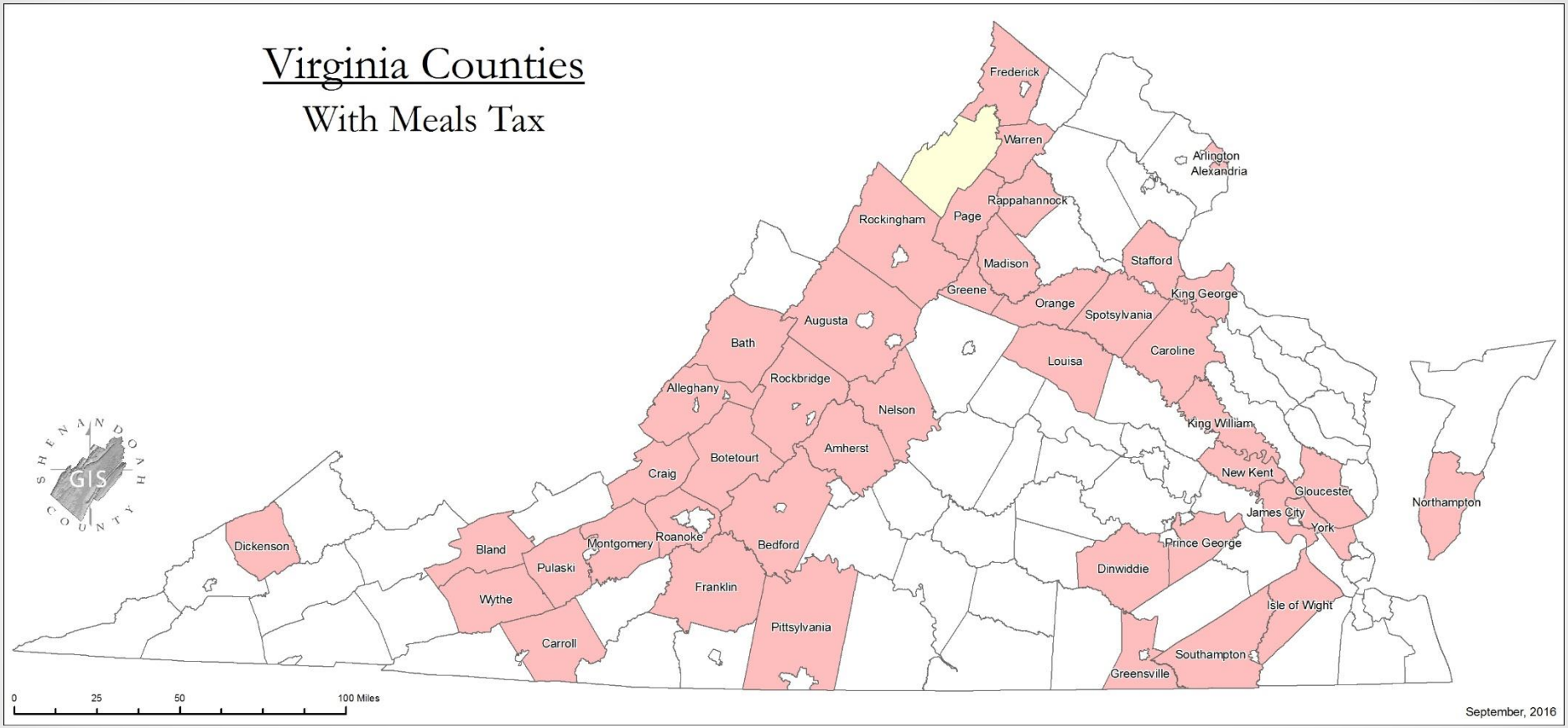
What does the State Require?

- Commonwealth of Virginia requires a meals tax to be adopted by a majority of votes through a referendum.

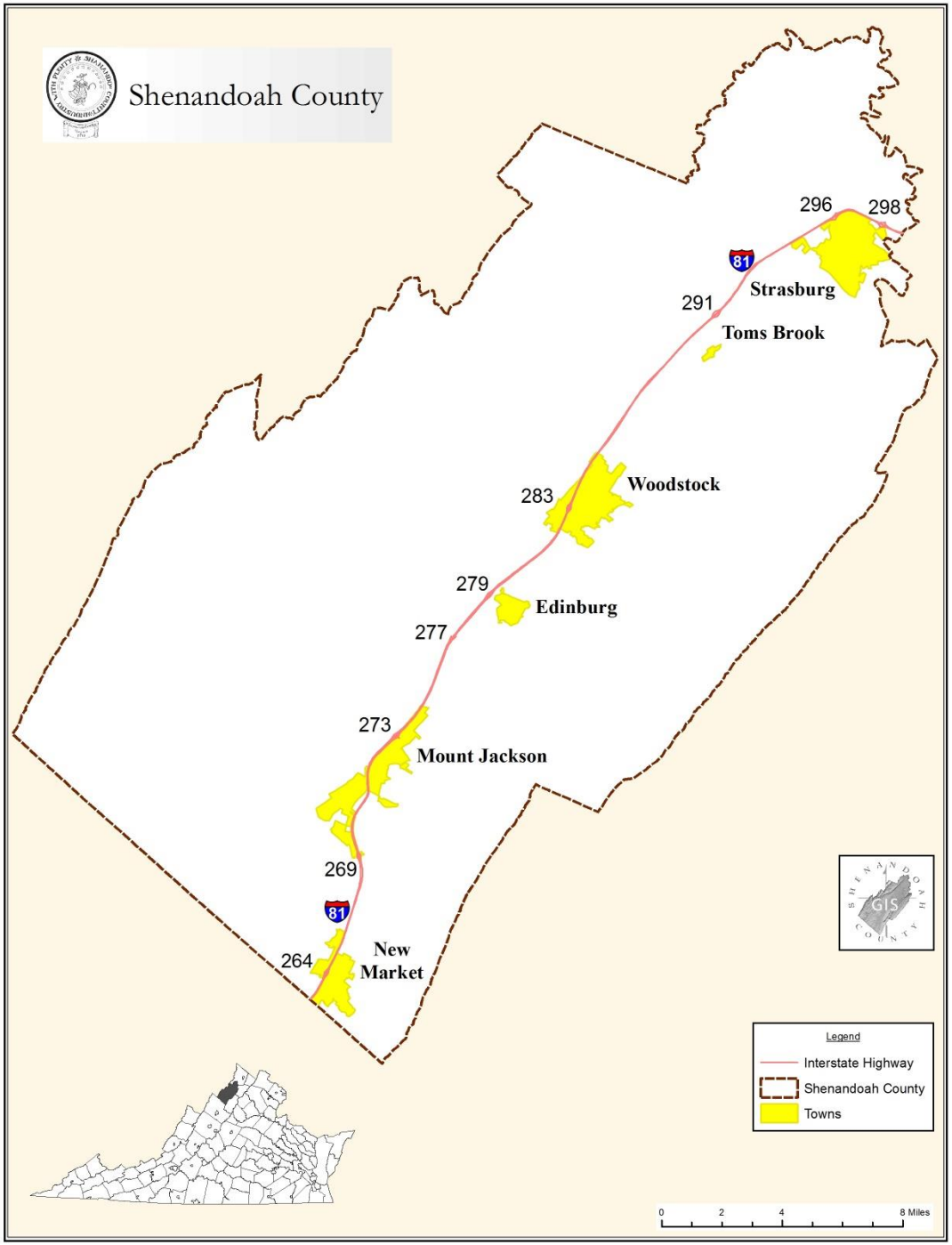

Virginia Counties
With Meals Tax
Frederick
Warren
Arlington
Alexandria
Rappahannock
Page
Rockingham
Madison
Stafford
Greene
Orange
King George
Spotsylvania
Augusta
Bath
Caroline
Louisa
Rockbridge
Alleghany
Nelson
King William
Amherst
Botetourt
Craig
New Kent
Gloucester
James City
York
Northampton
Dickenson
Bland
Montgomery
Roanoke
Bedford
Prince George
Pulaski
Dinwiddie
Franklin
Wythe
Isle of Wight
Pittsylvania
Carroll
Southampton
Greensville
SHENANDOAH COUNTY
GIS
0
25
50
100 Miles
September, 2016

Shenandoah County Meals Tax

What Establishments Would Be Impacted and Where?

- Only those establishments meeting the state definition and located in the unincorporated areas of the county would be subject to the meals tax.

- Establishments meeting the state definition and located ***within*** the incorporated towns are ***not*** subject to the tax.


Shenandoah County
296
298
81
Strasburg
291
Toms Brook
Woodstock
283
279
Edinburg
277
273
Mount Jackson
269
81
264
New Market
GIS
Legend
Interstate Highway
Shenandoah County
Towns
0
2
4
8 Miles

Shenandoah County Meals Tax

Meals Tax Levies				Meals Tax Levies		
Towns within Shenandoah County				Surrounding Counties		
Locality	Tax Rate	FY 2020 Budgeted Revenue		Locality	Tax Rate	FY 2020 Budgeted Revenue
Strasburg	6.0%	$ 778,973		Frederick County	4.0%	$ 6,100,000
Woodstock	6.0%	$ 1,520,280		Warren County	4.0%	$ 1,000,000
Edinburg	6.0%	$ 85,000		Rockingham County	4.0%	$ 1,300,000
Mount Jackson	5.5%	$ 398,000		Page County	4.0%	$ 280,000
New Market	6.0%	$ 475,000				

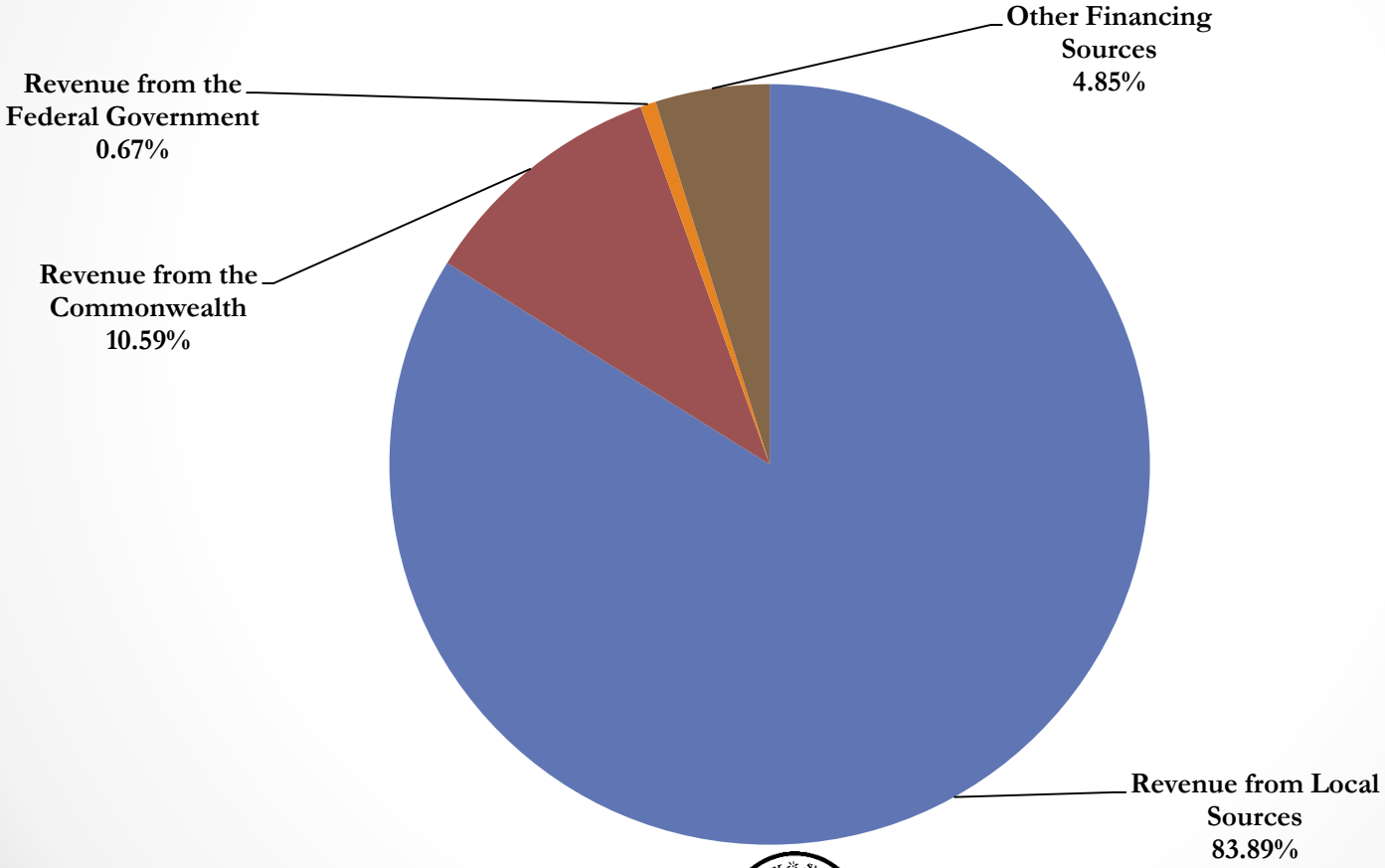
Shenandoah County Meals Tax

What About the Revenue?

- Revenue will depend on the percentage of tax and the volume of sales.
- Revenues generated would be considered ***General Fund***. Appropriations would be at the sole discretion of the Board of Supervisors.
- Revenues can be earmarked for a specific purpose (e.g. public education, public safety, debt); however, if that is the plan, the resolution by the Board of Supervisors would need to declare the specific use of those revenues.

Shenandoah County Meals Tax

FY 2020 Total Budgeted Revenues - $71,548,171



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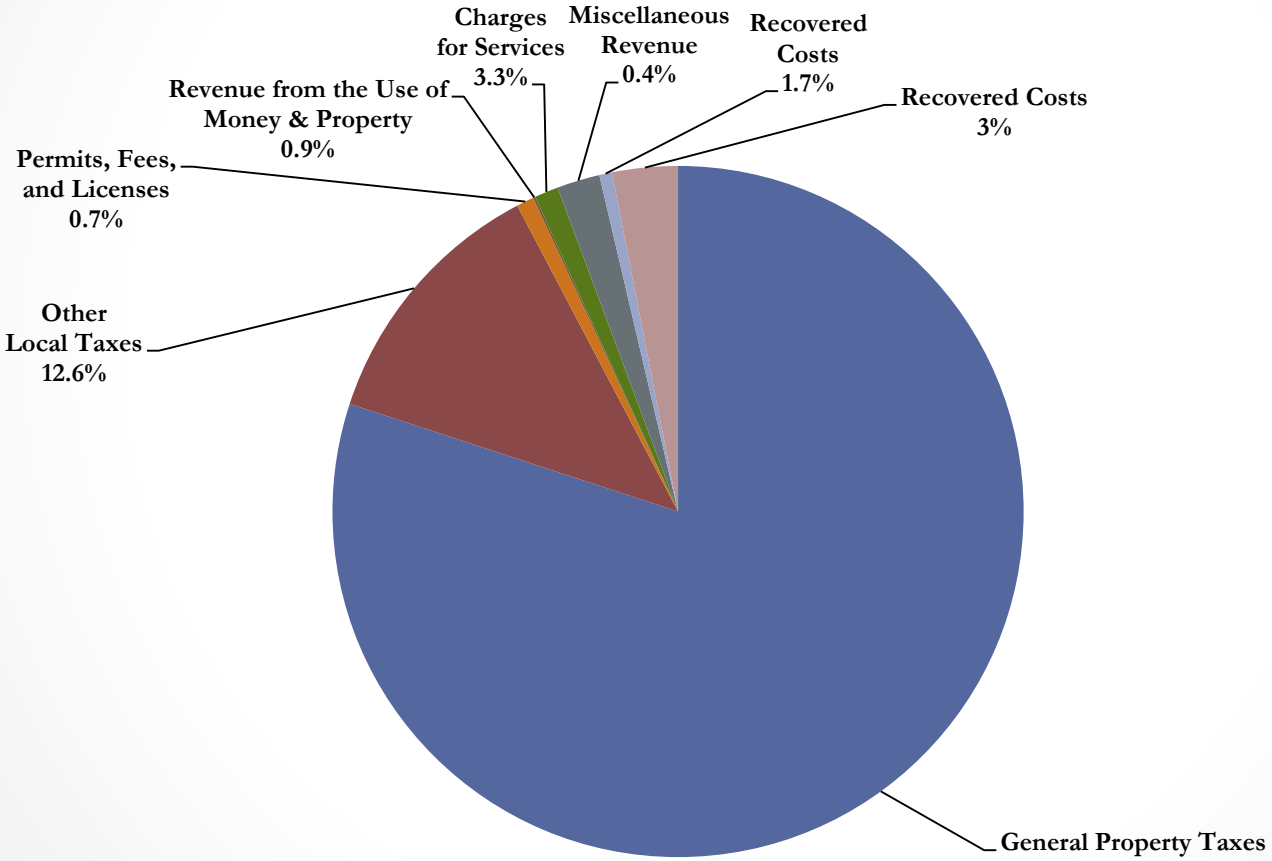
FY 2020 Revenue from Local Sources - $59,946,490



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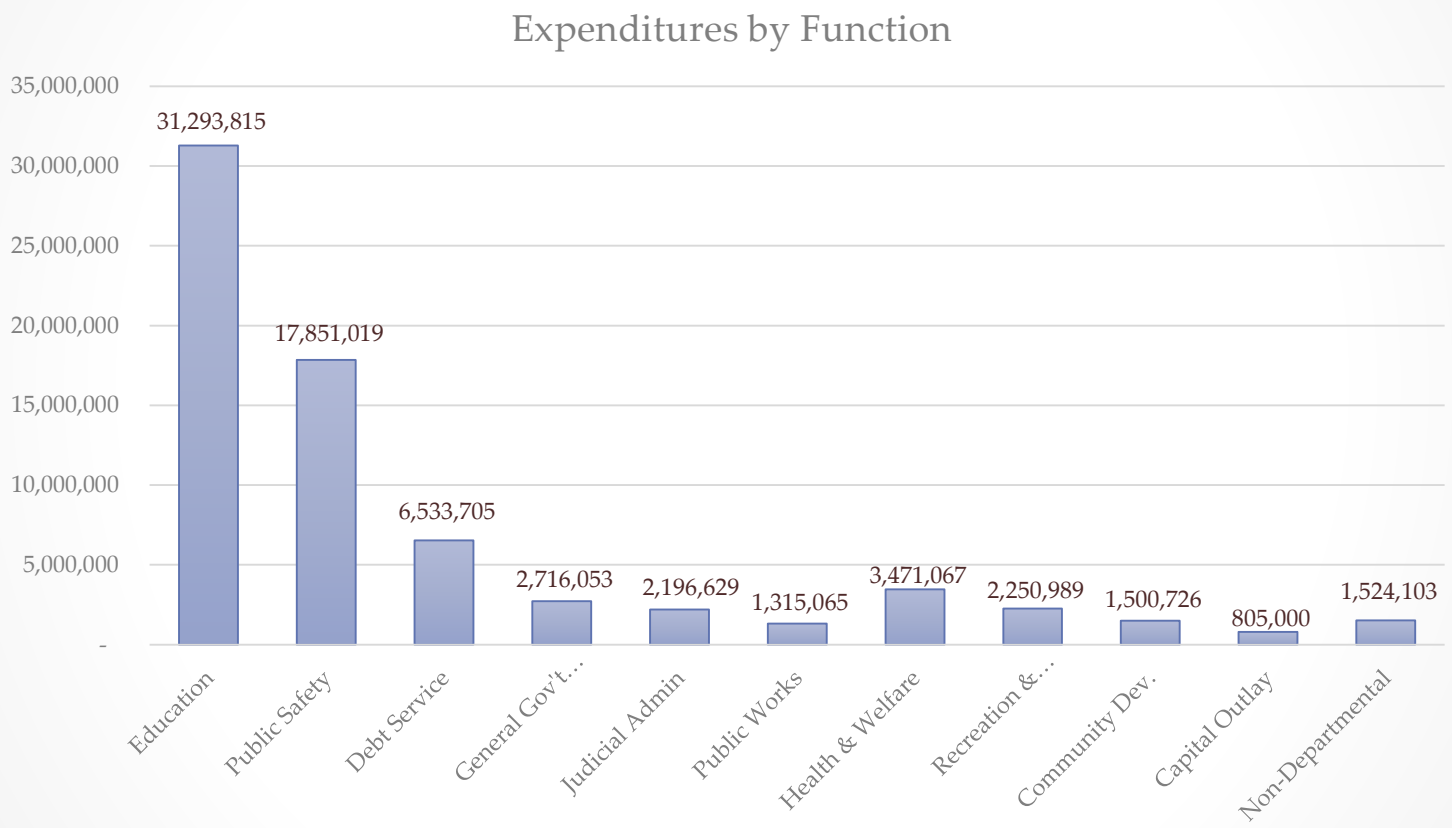

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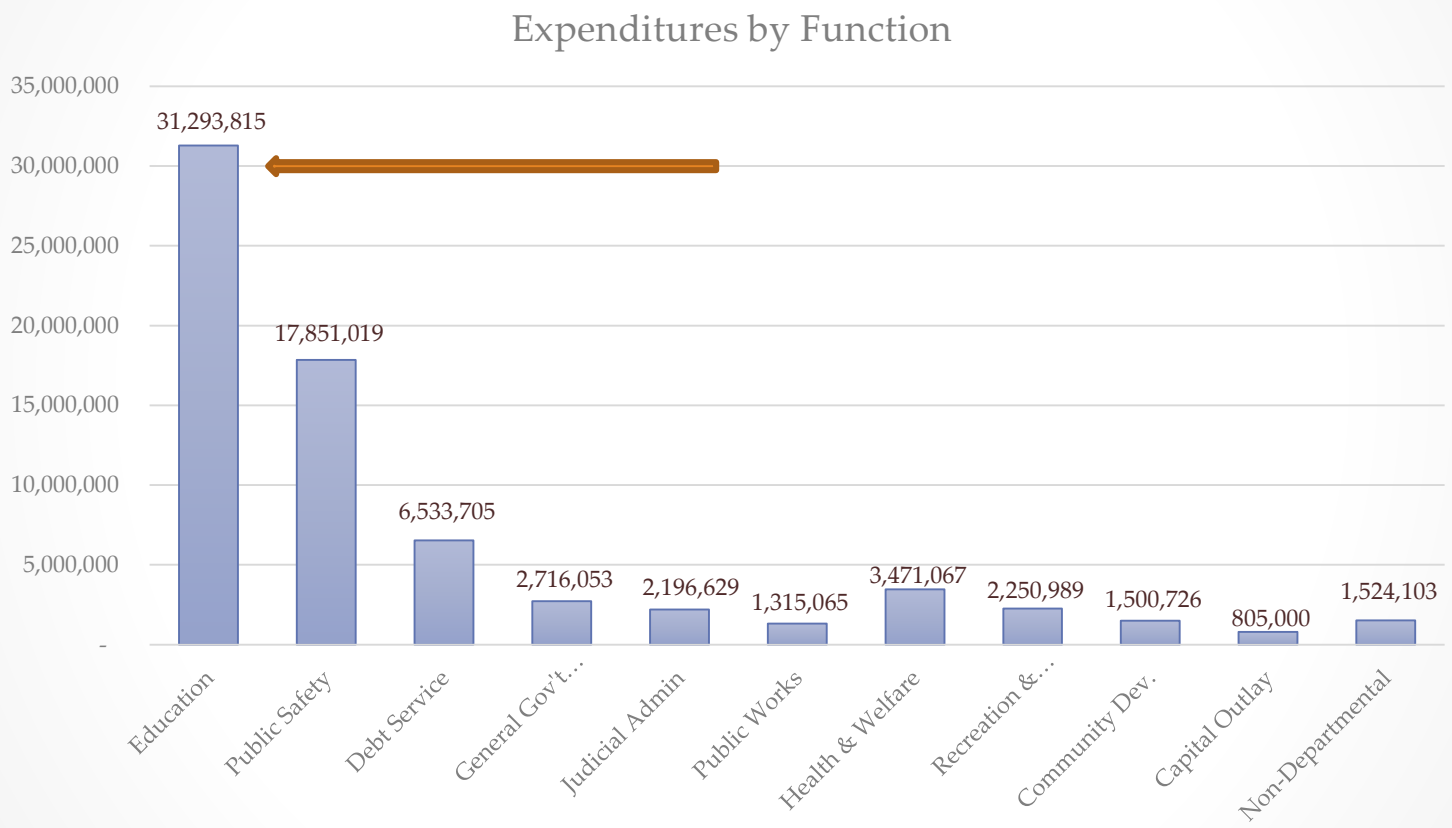

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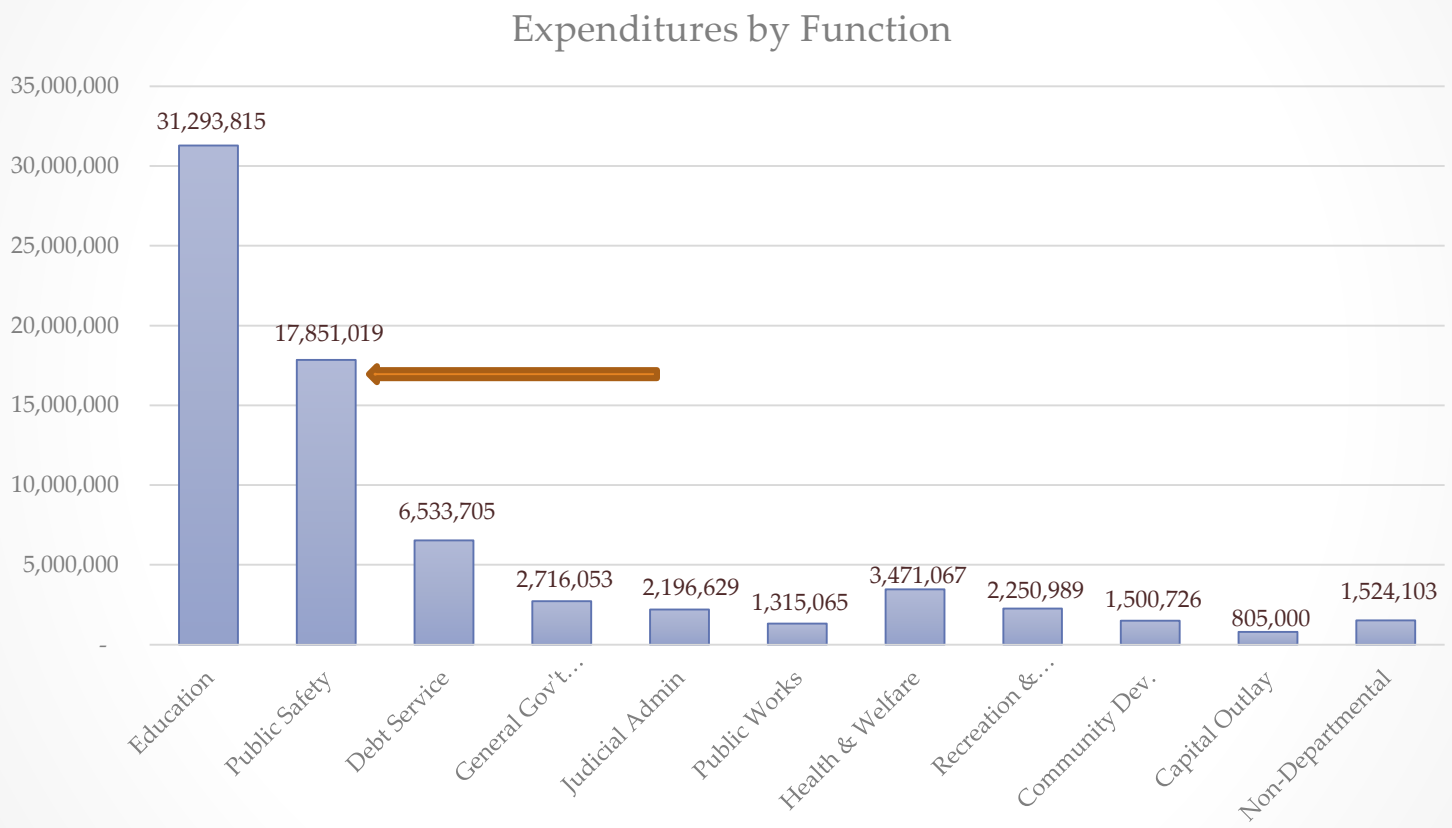

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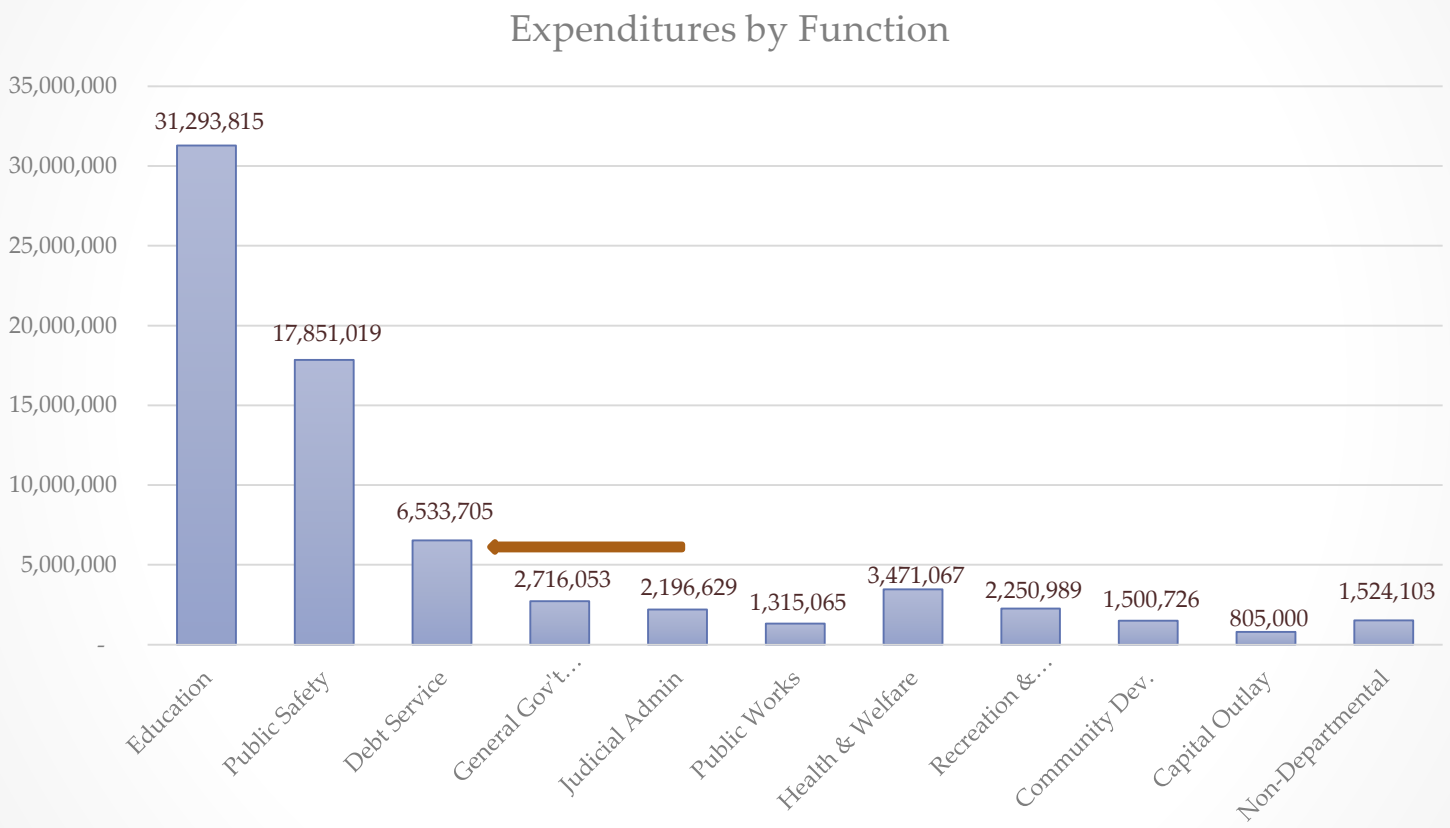

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Other?

- If there is a desire to proceed the Board will need to take action at the August 1, 2019 meeting in the form of a resolution.
- The adopted resolution is then forwarded to the Shenandoah County Circuit Court to place the matter on the November 5, 2019 general election ballot.
- If a referendum for a county food and beverage tax fails there is a three (3) year moratorium on a subsequent initiative.