

REQUESTED BY MAYOR DYER AND VICE MAYOR WOOD

1 AN ORDINANCE TO SUSPEND MEALS TAX FOR
2 THE MONTHS OF MAY, JUNE, AND JULY AND TO
3 PROVIDE OFFSETS FOR SUCH TAX
4 SUSPENSION DURING THE COVID-19
5 PANDEMIC
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7 WHEREAS, the Virginia Code empowers the governing body of a City to impose
8 a meals tax upon prepared food sold in the City, and the Council can prescribe the rate
9 of such meals tax;
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11 WHEREAS, the City Manager has declared, and the City Council has confirmed,
12 a local emergency during the current COVID-19 Pandemic (the "Emergency");
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14 WHEREAS, widespread closures, social distancing, and recommendations to
15 avoid public gatherings have limited restaurants to takeout or delivery only;
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17 WHEREAS, the City Council desires to provide an economic incentive for the
18 residents of the City to utilize restaurants for takeout or delivery during the Emergency;
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20 NOW, THEREFORE, BE IT ORDAINED, BY THE CITY COUNCIL OF THE CITY
21 OF VIRGINIA BEACH, VIRGINIA THAT:
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- 23 1. The meals tax rate set forth in § 35-137 of the City Code shall be reduced from 5.5
24 percent to 0 percent for applicable transactions occurring in May 2020, June 2020,
25 and July 2020.
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- 27 2. If, notwithstanding the prior section, any food establishment collects meals taxes
28 during May 2020, June 2020, and July 2020 from the patrons of food
29 establishments, as that term is defined in § 35-136 of the City Code, then those
30 taxes shall be remitted to the City. Food establishments are not entitled to a refund
31 for such amounts collected as a meals tax notwithstanding the change in rate set
32 forth in Section 1, *supra*.
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- 34 3. To provide offsets in Fiscal Year 2019-20 for the reduced revenues from the
35 change in rate set forth in Section 1, *supra*, the Council makes the following
36 reductions:
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 - 38 a. For the TIP Fund, a reduction of \$1,077,720 in the Future CIP Reserve;
 - 39 b. For the TAP Fund, a reduction of \$508,359; provided however, if year-end
40 obligations for advertisement contracts do not allow for the full reduction,
41 such resulting shortfall shall be made by further reduction in Future CIP
42 Reserve in the TIP Fund;
 - 43 c. For the Open Space Fund, a reduction in the transfer to the CIP by
44 \$447,356. This transfer reduction shall apply to pay-as-you-go financing,
45 which shall be reduced \$447,356, in CIP #4-306, "Open Space & Parks
46 Infrastructure Development & Maintenance II."

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- d. For the General Fund, a reduction of \$2,352,610 to be taken from vacancy savings in the following departments and estimated amounts, and such amounts may be adjusted from the named department amounts to allow the total reduction to equal \$2,352,610:
 - i. Department of Human Services \$784,204;
 - ii. Police Department \$784,203; and
 - iii. Department of Public Works \$784,203.
 - 4. The City Council requests the Virginia Beach School Board provide offsets for the amount of meals taxes that would be subject to the City and Schools Revenue Sharing Formula in the amount of \$1,217,901. If no such offset is provided, the City Council directs the City Manager to make a reservation in the General Fund's undesignated fund balance. The City Council reserves the right to capture such offset from any fiscal year reversion occurring after the adoption of this ordinance.

Adopted by the City Council of the City of Virginia Beach, Virginia, on this ____ day of _____, 2020.

APPROVED AS TO LEGAL SUFFICIENCY:



City Attorney's Office

CA15051
R-3
April 6, 2020