

AN ORDINANCE OF THE COUNTY OF MIDDLESEX, VIRGINIA
PERTAINING TO TAXATION AND SPECIFICALLY PERTAINING TO
TAX ON PREPARED FOOD AND BEVERAGES

BE IT ORDAINED BY THE BOARD OF SUPERVISORS OF MIDDLESEX COUNTY, VIRGINIA, THAT THE FOLLOWING ORDINANCE IS HEREBY ADOPTED:

Section 1. Definitions.

The following words and phrases, when used in this ordinance, shall have, for the purposes of this ordinance, the following respective meanings except where the context clearly indicates a different meaning:

Beverage: Alcoholic and non-alcoholic beverages served as part of a meal.

Caterer: A person who furnishes food on the premises of another for compensation.

Commissioner of the revenue: The commissioner of the revenue of the county and any of his duly authorized deputies, assistants, employees, or agents.

Food: Any and all edible refreshments or nourishment, liquid or otherwise, including alcoholic beverages and nonalcoholic beverages served as part of a meal, meant for refreshment or nourishment value purchased in or from a restaurant or from a caterer, except snack foods, whether consumed on the premises or not.

Person: Any individual, corporation, company, association, firm, partnership, or any group of individuals acting as a unit.

Purchaser: Any person who purchases food in or from a restaurant or from a caterer.

Restaurant:

- (1) Any place where food is prepared for service to the public whether on or off the premises;
- (2) Any place where food is served to the public; or
- (3) Any place or operation which prepares or stores food for distribution to persons of the same business operation of a related business operation for service to the public.

Examples include: dining room, grill, coffee shop, cafeteria, cafe, snack bar, lunch counter, lunchroom, short order place, tavern, delicatessen, confectionery, bakery, eating house, eatery, drugstore, catering service, lunch wagon or truck, pushcart or other mobile facility that sells food, and dining facility in a public or private club, resort, bar or lounge, restaurant, convenience store, theatre, ice cream/yogurt shops.

Seller: Any person who sells food or beverages in or from a restaurant or as a caterer, and who is required to collect, report, and remit the tax due pursuant to this ordinance.

Snack food: Chewing gum, candy, popcorn, peanuts and other nuts, and unopened prepackaged cookies, donuts, crackers, potato chips, and other items of essentially the same nature and consumed for essentially the same purpose.

Treasurer: The treasurer of the county and any of his duly authorized deputies, assistants, employees, or agents.

Section 2. Levy of tax; amount.

In addition to all other taxes and fees of any kind now or hereafter imposed by law, a tax is hereby levied and imposed on the purchaser of all food and beverages served, sold, or delivered for human consumption in the county in or from a restaurant, whether prepared in such restaurant or not, or prepared by a caterer. Grocery stores and convenience stores selling prepared foods ready for human consumption at a delicatessen counter shall also be subject to said tax, but the application of same shall be limited to prepared sandwiches and single-meal platters. No such tax shall be imposed on any entity or activity exempted from same by §58.1-3833 (A) of the Code of Virginia, 1950, as amended, as well as any other sale of food which is exempt from taxation under the Virginia Retail Sales and Use Tax Act, or administrative rules and regulations issued pursuant thereto. The rate of this tax shall be four (4) percent of the amount paid for such food. In the computation of this tax, any fraction of one-half cent (\$0.005) or more shall be treated as one cent (\$0.01), while fractions of less than one-half cent shall not be collected.

Section 3. Exemptions.

(a) The tax imposed by this ordinance shall not be levied on the following items when served exclusively for off-premises consumption:

(1) Pre-packaged snacks including chewing gum, candy, popcorn, nuts, donuts, nabs, chips, cookies, crackers and items of essentially the same nature;

(2) Food sold in bulk. For the purpose of this section, a bulk sale shall mean the sale of food or beverages that would exceed the normal, customary and usual portion

which would be sold for on-premises consumption (*e.g.*, a whole cake, a whole pie, a gallon of ice cream, *etc.*).

(3) Beverages sold in factory sealed containers.

(b) A grocery store, supermarket or convenience store shall not be subject to the tax imposed by Section 2; except that the tax shall be imposed on those portions of such stores which are designated as a delicatessen or designated for the sale of prepared food such as sandwiches or single-meal platters and beverages.

(c) The tax imposed by this ordinance shall not be levied on the following purchases of food and beverages:

(1) Food or beverages furnished by restaurants to employees as part of their compensation when no charge is made to the employee;

(2) Food or beverages sold by, through, or under the aegis of, non-profit day care centers, public or private schools, colleges, or universities to its students or employees;

(3) Food or beverages for use of consumption by the Commonwealth, any political subdivision thereof, or the United States of America, or any subdivision thereof.

(4) Food or beverages furnished to patients or residents by a hospital, medical clinic, convalescent home, nursing home, home for the aged, infirm, or handicapped, or other extended care facility;

(5) Food or beverages furnished by non-profit charitable organizations, or churches, to elderly, infirm, handicapped, nor needy persons in their homes, or at central locations;

(6) Food or beverages sold by a non-profit educational, charitable, benevolent, or service club, organization, church or religious body as a fund-raising activity, the proceeds of which are to be used by such organization exclusively for non-profit educational, charitable, benevolent, or religious purposes;

(7) Food or beverages sold through vending machines;

(8) Food or beverages furnished by boardinghouses that do not accommodate transients;

(9) Food or beverages sold by cafeterias operated by industrial plants for employees only;

(10) Food or beverages furnished by restaurants to their employees as part of their compensation when no charge is made to the employee;

(11) Food or beverages sold by volunteer fire departments and rescue squads; nonprofit churches or other religious bodies; educational, charitable, fraternal, or benevolent organizations, on an occasional basis, not exceeding three times per calendar year as a fundraising activity, the gross proceeds of which are to be used by such church, religious body or organization exclusively for nonprofit educational, charitable, benevolent, or religious purposes;

(12) Food or beverages served by churches that serve meals for their members as a regular part of their religious observances;

(13) Food or beverages served or sold by public or private elementary or secondary schools, colleges, and universities to their students or employees;

(14) Food or beverages provided by hospitals, medical clinics, convalescent homes, nursing homes, or other extended care facilities to patients or residents thereof;

(15) Food or beverages provided by day care centers;

(16) Food or beverages furnished by homes for the aged, infirm, handicapped, battered women, narcotic addicts, or alcoholics; or

(17) Food or beverages furnished by age restricted apartment complexes or residences with restaurants, not open to the public, where meals are served and fees are charged for such food and beverages and are included in rental fees. Also, the tax shall not be levied on food and beverages: (a) when used or consumed and paid for by the Commonwealth, any political subdivision of the Commonwealth, or the United States; or (b) provided by a public or private nonprofit charitable organization or establishment to elderly, infirm, blind, handicapped, or needy persons in their homes, or at central locations; or (c) provided by private establishments that contract with the appropriate agency of the Commonwealth to offer food, food products, or beverages for immediate consumption at concession prices to elderly, infirm, blind, handicapped, or needy persons in their homes or at central locations.

(18) Any food or food product purchased for home consumption as defined in the federal Food Stamp Act of 1977, 7 U.S.C. Section 2012, or amended, except for salad bar items sold from a salad bar, prepackaged single-serving salads consisting primarily of an assortment of vegetables, and non-factory sealed beverages. This exemption does not include hot food or hot food products ready for immediate consumption.

(19) Any other sale of food which is exempt from taxation under the Virginia Retail Sales and Use Tax Act, or administrative rules and regulation issued pursuant thereto.

Section 4. Payment and collection of tax.

Every seller of food with respect to which a tax is levied under this ordinance shall collect the amount of tax imposed under this ordinance from the purchaser on whom the same is levied at the time payment for such food becomes due and payable, whether payment is to be made in cash or on credit by means of a credit card or otherwise. The seller shall separately state the amount of such tax and the amount of tax owed by the purchaser shall be added to the cost of the food by the seller who shall pay the taxes collected to the county as provided in this ordinance. Taxes collected by the seller shall be held in trust by the seller until remitted to the county.

Section 5. Reports and remittances generally.

Every seller of food with respect to which a tax is levied under this ordinance shall make out a report upon such forms and setting forth such information as the commissioner of the revenue may prescribe and require, showing the amount of food charges collected and the tax required to be collected, and shall sign and deliver such report to the treasurer with a remittance of such tax. Such reports and remittance shall be made on or before the twentieth day of each month, covering the amount of tax collected during the preceding month.

Section 6. Preservation of records.

It shall be the duty of any seller of food liable for collection and remittance of the taxes imposed by this ordinance to keep and preserve for a period of three (3) years records showing gross sales of all food and beverages, the amount charged the purchaser of each such purchase, the date thereof, the date of payment thereof, the taxes collected thereon and the amount of tax required to be collected by this ordinance. The

commissioner of the revenue shall have the power to examine such records at reasonable times and without unreasonable interference with the business of the seller for the purpose of administering and enforcing the provisions of this ordinance and to make copies of all or any parts thereon.

Section 7. Advertising payment or absorption of tax prohibited.

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

Section 8. Tips and service charges.

(a) Where a purchaser provides a tip for an employee or employees of a seller, and the amount of the tip is wholly in the discretion of the purchaser, the tip is not subject to the tax imposed by this ordinance, whether paid in cash to the employee or added to the bill and charged to the purchaser's account, provided, in the latter case, the full amount of the tip is turned over to the employee by the seller.

(b) An amount or percent, whether designated as a tip or a service charge, that is added to the price of the meal by the seller, and required to be paid by the purchaser, is a part of the selling price of the meal and is subject to the tax imposed by this ordinance.

Section 9. Duty of seller when going out of business.

Whenever any seller required to collect or pay to the county a tax under this ordinance shall cease to operate or otherwise dispose of his business, any tax payable under this ordinance shall become immediately due and payable and such person shall immediately make a report and pay the tax due.

Section 10. Enforcement; duty of commissioner of the revenue.

The commissioner of the revenue shall promulgate rules and regulations for the interpretation, administration, and enforcement of this ordinance. It shall also be the duty of the commissioner of the revenue to ascertain the name of every seller liable for the collection of the tax imposed by this ordinance who fails, refuses, or neglects to collect such tax or to make the reports and remittances required by this ordinance. The commissioner of the revenue shall have all of the enforcement powers as authorized by Article 1, Chapter 31 of Title 58.1 of the Code of Virginia, 1950, as amended, for purposes of this ordinance.

Section 11. Procedure upon failure to collect, report, etc.

If any seller whose duty it is to do so shall fail or refuse to collect the tax imposed under this ordinance and to make, within the time provided in this ordinance, the reports and remittances mentioned in this ordinance, the commissioner of the revenue shall proceed in such manner as he may deem best to obtain facts and information on which to base his estimate of the tax due. As soon as the commissioner of the revenue shall procure such facts and information as he is able to obtain upon which to base the assessment of any tax payable by any seller who has failed or refused to collect such tax and to make such report and remittance, he shall proceed to determine and assess against such seller the tax, interest and penalties provided for by this ordinance and shall notify such seller, by certified or registered mail sent to his last known place of address, of the total amount of such tax penalties and interest and the total amount thereof shall be payable within ten (10) days from the date such notice is sent.

Section 12. Duty of treasurer.

The treasurer shall have the power and the duty of collecting the taxes imposed and levied hereunder and shall cause the same to be paid into the general treasury for the county.

Section 13. Penalty of late remittance or false return.

If any seller whose duty it is to do so shall fail or refuse to file any report required by this ordinance or to remit to the treasurer the tax required to be collected and paid under this ordinance within the time and in the amount specified in this ordinance, there shall be added to such tax by the treasurer a penalty in the amount of Ten Dollars (\$10.00) or ten (10) percent thereof of the tax which has not been timely collected and/or remitted to the County, whichever amount is greater, and interest thereon at the rate of ten (10) percent per annum, which shall be computed upon the taxes and penalty due on the first day of the calendar month next following the month in which such taxes became due and payable which interest shall be payable by the seller whose duty it is to collect, report and remit the tax. An additional penalty at the same rate shall be added for each additional thirty (30) days or fraction thereof during which such tax is not duly remitted to the County; provided, however, that the total aggregate penalties shall not exceed the amount of the tax due.

Section 14. Violations of ordinance.

(a) Any person willfully violating, falsifying, failing, refusing, or neglecting to comply with any of the provisions of this ordinance shall be guilty of:

(1) A Class 3 misdemeanor, as punishable according to the Code of Virginia, as amended, if the amount of the tax lawfully assessed in connection with the return is \$1,000.0 or less; or

(2) A Class 1 misdemeanor, as punishable according to the Code of Virginia, as amended, if the amount of the tax lawfully assessed in connection with the return is more than \$1,000.00

(b) Conviction of such violation shall not relieve any person from the payment, collection, or remittance of the tax penalties or interest provided for in this ordinance. Any agreement by any person to pay the taxes prescribed by this ordinance by a series of installment payments shall not relieve any person of criminal liability for violation of this ordinance until the full amount of taxes agreed to be paid by such person is received. Each failure, refusal, neglect or violation and each day's continuance thereof shall constitute a separate offense.

Section 15. Commission for collection.

Pursuant to the authority of §58-1-3816.1 of the Code of Virginia, 1950, as amended, the county hereby allows any and all businesses charged with the collection of this tax a commission for such service. Such commission shall be five (5) percent of the amount of tax due and accounted for, and such commission shall be deducted from the tax remitted. No commission shall be allowed if the amount of tax due was not remitted to the treasurer prior to the time limit specified in Section 5 of this ordinance.

Section 16. Use of Revenues.

The revenues collected from the tax shall be designated and spent as follows:

(a) One half of such revenue shall be designated for general fund revenues and expenditures for fire, rescue and emergency services within the County.

(b) One half of such revenue shall be designated and spent solely for the design, construction, improvement, acquisition and debt service for such expenses on debt incurred after June 30, 2014, for development of capital facilities and costs related to capital projects within the County.

Adopted pursuant to the authority of Virginia Code §58.1-3833

Adopted by the Board of Supervisors of Middlesex County, Virginia, on the 3rd day of December, 2013, as follows:

	YES	NO
WAYNE H. JESSE, SR.	<u> X </u>	_____
ELIZABETH HURD	<u> X </u>	_____
PETER W. MANSFIELD	<u> X </u>	_____
JOHN D. MILLER, JR.	<u> X </u>	_____
CARLTON S. REVERE	<u> X </u>	_____