

**AN ORDINANCE AMENDING CITY CODE SECTION 366-17, TAXES LEVIED
REGARDING TRANSIENT LODGING TAX**

WHEREAS, the Legislature has passed enabling legislation, Section 58.1-3825 of the Code of Virginia, allowing the City of Lexington, Rockbridge County and the City of Buena Vista to levy an additional tax not to exceed two percent (2%) to be used for the sole purpose of making principal and interest payments on a promissory note or notes signed by the Virginia Horse Center Foundation (VHC); and,

WHEREAS, VHC has significant loan payments to meet and payments for improvements, addressing deferred maintenance. VHC has improved its financial status but seeks additional support to meet its diverse capital needs: and,

WHEREAS, The City of Lexington (the City) and the County of Rockbridge, Virginia (the County) have previously agreed to levy an additional One (1%) Percent transient occupancy tax and pay a sum equal to the funds derived from such levy as a grant to VHC as set forth in a Memorandum of Agreement dated November, 2016, entered into by the City, VHC, and the Industrial Development Authority; and,

WHEREAS, The prior commitment to VHC to levy and deliver such funds was limited to a five-year term; and

WHEREAS, VHC has requested that the term of such commitment to levy an additional One Percent (1%) transient occupancy tax be extended five (5) additional years; and

WHEREAS, the Council of the City of Lexington wishes to extend the term of the levy.

NOW THEREFORE, BE IT ORDAINED AND ENACTED by the Mayor and Council of the City of Lexington, Virginia, that City Code Section 366-17 (formerly 29-9.1) is hereby repealed and is amended and reenacted as follows:

Sec. 366-17 Tax levied.

[Amended 5-19-2014 by Ord. No. 2014-02; 5-21-2015 by Ord. No. 2015-02; 10-1-2015 by Ord. No. 2015-03; 6-6-2017 by Ord. No. 2016-10; 10-5-2023 by Ord. No. 2023-09]

Beginning July 1, 2015, there is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, on each transient a tax equivalent to 5% of the total amount paid for lodging by or for any such transient to any hotel, together with an additional tax equivalent to 2% of the total amount paid for lodging by or for any such transient to any hotel as authorized by Code of Virginia, § 58.1-3825. Such tax shall be collected from each transient at the time and in the manner provided by this article. The additional 2% tax shall be appropriated to the Virginia Horse Center Foundation to be used by the Foundation for the sole purpose of making principal and interest payments associated with refinancing a promissory note or notes signed or executed by either the Virginia Equine Center Foundation or the Virginia Horse Center Foundation prior to January 1, 2004, with the Rockbridge Industrial Development Authority as the obligee or payee, as part of an agreement for the Authority to issue bonds on behalf of or for improvements at the Virginia Horse Center Foundation, Virginia Equine Center Foundation or Virginia Equine Center.

There also is imposed a 1% transient occupancy tax, in addition to the 5% and 2% taxes referenced above, for an additional period of five fiscal years (fiscal years 2025, 2026, 2027, 2028 and 2029). This additional 1% tax also shall be collected from each transient at the time and in the manner provided by this article. The proceeds of the additional 1% tax will be appropriated to the Virginia Horse Center Foundation to be used by the Foundation for the sole purpose of making principal and interest payments on the promissory note or notes executed by the Foundation prior to January 1, 2019, with CornerStone Bank, and any refinancing of the CornerStone debt. An amount equal to the receipts from this additional 1% tax will be deposited into a restricted bank account (restricted account) on a monthly basis and used by the Foundation exclusively for the satisfaction of the CornerStone debt. The payment of tax receipts to the Foundation under this section shall not exceed \$61,000 annually. Any amounts collected on the 1% tax in any fiscal year over and above \$61,000 may be used in accordance with applicable law. The additional 1% tax established herein shall expire upon the earlier of (i) the satisfaction of the CornerStone debt or (ii) June 30, 2029. All appropriations to the Virginia Horse Center under this section will be made through the Industrial Development Authority of the City of Lexington.

Adopted and Effective this the 5th day of October, 2023.

Approved: Marilyn E. Alexander
Marilyn E. Alexander, Vice Mayor

Attest: Jani Hostetter
Jani Hostetter, Clerk