



2023-2024 General Assembly

# HOUSE BILL 259: 2023 Appropriations Act, Sec. 42.20: Prohibit Regional Transportation Authorities from Levying Short-Term Car Rental Tax in a County that has Withdrawn from Authority

**Committee:**  
**Introduced by:**  
**Analysis of:** Sec. 42.20 of S.L. 2023-134

**Date:** November 29, 2023  
**Prepared by:** Trina Griffin  
Staff Attorney

**OVERVIEW:** Section 42.20 of S.L. 2023-134 prohibits a regional transportation authority from levying the short-term car rental tax in a county that has withdrawn from the authority. This provision applies only to Surry County.

*This section became effective November 1, 2023, and applies to the gross receipts derived from short-term leases or rentals billed on or after that date.*

**CURRENT LAW & BILL ANALYSIS:** This provision applies only to Surry County and the Piedmont Authority for Regional Transportation (PART).

A regional transportation authority is authorized to create special tax districts comprised of one or more of their member counties for the purpose of levying a tax of up to 5% on short-term car rentals, the proceeds of which are used to fund the Authority. Although there is no statutory mechanism or provision for withdrawal, in February of 2022, Surry County adopted a resolution withdrawing from the Authority, effective June 30, 2022. Since there is no provision for withdrawal, it's unclear whether this unilateral action by Surry County results in a repeal of the tax. While PART has ceased operating commuter bus service in the county, there are Authority assets within the county that require maintenance. PART has asserted that the tax should remain in place to cover these costs but agreed to lower the tax to 2%. This section requires PART to repeal the tax levied by retailers that provide short-term car rentals in Surry County.

**EFFECTIVE DATE:** This section became effective November 1, 2023, and applies to the gross receipts derived from short term leases or rentals billed on or after that date.

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