

**DEPARTMENT OF TAXATION
2024 Fiscal Impact Statement**

1. **Patron** Joseph P. McNamara

3. **Committee** House Finance

4. **Title** Sales and use tax; transient accommodations

2. **Bill Number** HB 263

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would provide that the retail sales and use tax would not apply to the provision of transient accommodations for a period of 30 continuous days or longer.

Under current law, the retail sales and use tax applies to the provision of transient accommodations for any period of less than 90 continuous days.

If enacted during the regular session of the 2024 General Assembly, this bill would become effective July 1, 2024.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

8. Fiscal implications:

Administrative Costs

This bill would have an unknown but likely insubstantial impact on state and local administrative costs. The bill could reduce the number of sales tax refund requests for transactions that were taxable when the taxes were collected but then became non-taxable when the 90 day threshold was passed.

Revenue Impact

This bill would have an unknown negative impact on state and local revenues. While the bill would result in a decrease to sales tax collections because it broadens an existing exclusion from the tax, there is insufficient data from which to estimate the bill's impact.

9. Specific agency or political subdivisions affected:

Department of Taxation
All localities

10. Technical amendment necessary: No.

11. Other comments:

Sales Tax on Accommodations

The retail sales and use tax currently applies to the sale or charges for any accommodations furnished to transients for less than 90 continuous days.

“Accommodations” means any room or rooms, lodgings, or accommodations in any hotel, motel, inn, tourist camp, tourist cabin, camping grounds, club, short-term rental, or any other place in which rooms, lodging, space, or accommodations are regularly furnished to transients for a consideration.

Proposal

This bill would provide that the retail sales and use tax would not apply to the provision of transient accommodations for a period of 30 continuous days or longer.

If enacted during the regular session of the 2024 General Assembly, this bill would become effective July 1, 2024.

cc : Secretary of Finance

Date: 1/17/2024 VB
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