

**DEPARTMENT OF TAXATION  
2022 Fiscal Impact Statement**

1. **Patron** Siobhan S. Dunnavant
3. **Committee** Senate Finance and Appropriations
4. **Title** Retail Sales and Use Tax; Taxable Accommodations

2. **Bill Number** SB 432  
**House of Origin:**  
  X   **Introduced**  
      **Substitute**  
      **Engrossed**
- Second House:**  
      **In Committee**  
      **Substitute**  
      **Enrolled**

**5. Summary/Purpose:**

This bill would provide that the only accommodations subject to the Retail Sales and Use Tax are those furnished to transients for overnight sleeping.

Under current law, “accommodations” means any room or rooms, lodgings, or accommodations in any hotel, motel, inn, tourist camp, tourist cabin, camping grounds, club, or any other place in which rooms, lodging, space, or accommodations are regularly furnished to transients for a consideration. Such transactions are subject to the Retail Sales and Use Tax.

The provisions of this bill would be retroactive to January 1, 2018.

6. **Budget amendment necessary:** No
7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)
8. **Fiscal implications:**

Administrative Costs

The Department of Taxation (“the Department”) considers implementation of this bill as routine and does not require additional funding.

Revenue Impact

This bill would result in an unknown negative impact to state revenues. Because this bill is retroactive, it could result in refund requests for sales tax payments correctly made under current law. Such refund requests would be limited by the three-year period of limitations for Retail Sales and Use tax refunds.

**9. Specific agency or political subdivisions affected:**

Department of Taxation

**10. Technical amendment necessary: No**

**11. Other comments:**

Background

Generally, under current law, rentals of public spaces for conferences, weddings, and other such events are subject to the Retail Sales and Use Tax. A retail sale subject to sales tax includes the sale or charges for any room or rooms, lodgings, or accommodations in any hotel, motel, inn, tourist camp, tourist cabin, camping grounds, club, or any other place in which rooms, lodging, space, or accommodations are regularly furnished to transients for a consideration. The Tax Commissioner has opined that this definition “appears to contemplate the broad inclusion of any rental space by any persons or businesses engaged in the rental of any such accommodations for a period of 90 days or less.” According to the *Virginia Administrative Code* any additional charges made in connection with the rental or other lodging or accommodations are deemed to be part of the charge for the room and are subject to the tax.

Statute of Limitations

Under the *Virginia Code*, complete requests for refunds of erroneously or illegally collected and remitted taxes must be filed within three years from the last day prescribed by law for the timely filing of the original return to be within the statute of limitations.

Proposal

This bill would provide that the only accommodations subject to sales tax are those furnished to transients for overnight sleeping.

Under current law, “accommodations” means any room or rooms, lodgings, or accommodations in any hotel, motel, inn, tourist camp, tourist cabin, camping grounds, club, or any other place in which rooms, lodging, space, or accommodations are regularly furnished to transients for a consideration. Such transactions are subject to the Retail Sales and Use Tax.

The provisions of this bill would be retroactive to January 1, 2018. However, refund requests would be subject to the three-year period of limitations for Retail Sales and Use Tax refunds.

cc : Secretary of Finance

Date: 1/21/2022 SK  
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