

**DEPARTMENT OF TAXATION
2025 Fiscal Impact Statement**

1. **Patron** Joseph P. McNamara

3. **Committee** House Finance

4. **Title** Sales and use tax; Accommodations for transients

2. **Bill Number** HB 1560

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would amend the definition of “retail sale” for purposes of the Retail Sales and Use Tax (“RSUT”) to include sales of transient accommodations for periods of less than 30 continuous days.

Under current law, RSUT applies to sales of transient accommodations for periods of less than 90 continuous days.

If enacted during the regular session of the 2025 General Assembly, this bill would become effective July 1, 2025.

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

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

8. Fiscal implications:

Administrative Costs

This bill may result in an unknown impact to local administrative costs.

The Department of Taxation considers implementation of this bill to be “routine” and does not require additional funding.

Revenue Impact

This bill would have an unknown negative impact to state and local revenues.

Continuous transient occupancy of 30 to 89 days would no longer being taxable under this bill. While the bill would decrease RSUT revenues by shortening the period of continuous transient occupancy to which RSUT would apply, data is unavailable as to the distribution of the duration of transient occupancy stays and therefore the revenue impact is unknown.

9. Specific agency or political subdivisions affected:

Department of Taxation
All localities

10. Technical amendment necessary: No.

11. Other comments:

Sales Tax on Transient Occupancy

Under current law, RSUT is levied on sales of transient accommodations for periods of less than 90 continuous days. Tax is collected by the dealer providing the accommodations for the entire period up to and including the 89th day. If a transient's occupancy at a lodging provider exceeds 90 continuous days, the transient is entitled to seek a refund of the sales taxes paid for the entire 89-day period and no additional sales tax should be collected on that occupancy so long as it is continuous and uninterrupted.

Current law requires dealers, including lodging providers, to provide a refund to taxpayers presenting valid timely refund requests. The dealer is allowed to subsequently subtract the amount refunded from their next return. Since dealers remit sales and use tax returns monthly, the current 90-day threshold can present some administrative difficulties for dealers with inadequate sales tax collections for the month preceding a valid refund request to cover the refund amount fully.

Proposal

This bill would amend the definition of "retail sale" for purposes of RSUT to include sales of transient accommodations for periods of less than 30 continuous days.

Under current law, RSUT applies to sales of transient accommodations for periods of less than 90 continuous days.

If enacted during the regular session of the 2025 General Assembly, this bill would become effective July 1, 2025.

cc : Secretary of Finance

Date: 01/14/2025 VB
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