

**DEPARTMENT OF TAXATION
2025 Fiscal Impact Statement**

- 1. **Patron** Scott A. Surovell
- 3. **Committee** Senate Finance and Appropriations
- 4. **Title** Transient occupancy tax; Administration

- 2. **Bill Number** SB 1402
House of Origin:
 X **Introduced**
 Substitute
 Engrossed

Second House:
 In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would provide that an accommodations provider shall not be required to transmit a transient occupancy tax return to a locality if (i) all retail sales of accommodations owned by the accommodations provider are facilitated by an accommodations intermediary and (ii) the accommodations provider attests to the locality that all such sales were facilitated by an accommodations intermediary. The bill would also provide that such accommodations provider must transmit returns for the retail sale of any accommodations not facilitated by an accommodations intermediary.

The bill would also require that information provided by an accommodations intermediary to localities for transient occupancy tax purposes may not be divulged to any other department or official of the locality or any other political subdivision of the Commonwealth. The bill would limit the use of such information by such officials only for the purpose of levying and collecting retail sales and use tax, transient occupancy tax, and any other taxes imposed on the sale of accommodations.

Current law requires accommodations intermediaries to submit to a locality (i) the property addresses and gross receipts and (ii) returns for transient occupancy taxes collected, for all accommodations facilitated by the accommodations intermediary in such locality on a monthly basis. Accommodations providers are required to submit returns only for retail sales of accommodations that are not facilitated by an intermediary.

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

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

This bill may have an unknown impact on local administrative costs.

Revenue Impact

This bill would have no impact on state or local revenues.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Transient Occupancy Tax Collection Requirements

Current law requires accommodations intermediaries to collect and remit local transient occupancy tax for all taxable sales of accommodations facilitated by such intermediary. Every accommodations intermediary, on or before the twentieth day of the month following the month in which the tax shall become effective, must transmit to the tax-assessing officer of a county, city, or town a return showing the gross receipts, any allowable discounts, deductions, or exemptions, and the rate applied to the resultant net receipts for all facilitated sales. Intermediaries are required to remit to the treasurer of such locality the total local transient occupancy tax due, as well as any penalties and interest due, arising from all taxable transactions during the preceding calendar month. Where applicable, the return must also include the number of room nights and the room tax rate applied, the total amount of room tax due, and any regional transportation transient occupancy taxes due.

Accommodations intermediaries are also required to submit to a locality, on a monthly basis, the property addresses and gross receipts for all accommodations facilitated by the accommodations intermediary in such locality.

Current law also requires accommodations providers to collect and remit local transient occupancy tax for all taxable sales of accommodations not facilitated by an intermediary and submit returns to the appropriate locality for the same.

Proposal

This bill would provide that an accommodations provider shall not be required to transmit a transient occupancy tax return to a locality if (i) all retail sales of accommodations owned by the accommodations provider are facilitated by an accommodations intermediary and (ii) the accommodations provider attests to the locality that all such sales were facilitated by an accommodations intermediary. Such attestation would be effective for 12 months beginning with the month in which the attestation is made, and annual attestations would be due thereafter on a date set by the locality.

The bill would also provide that accommodations providers are required to transmit returns for the retail sale of any accommodations not facilitated by an accommodations intermediary.

The bill would also require that information provided by an accommodations intermediary to a local commissioner of the revenue, treasurer, or any other local tax or revenue officer or employee of a locality for transient occupancy tax purposes would be confidential and shall not be divulged to any other department or official of the locality or any other political subdivision of the Commonwealth. The bill would limit the use of such information by such officials only for the purpose of levying and collecting retail sales and use tax, transient occupancy tax, and any other taxes imposed on the sale of accommodations.

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

Similar Legislation

House Bill 2383 is identical to this bill.

House Bill 1557 and **Senate Bill 1330** would require the Department to establish, and provide commissioners of the revenue access to, a registry of short-term rental properties. The bills would also require accommodations intermediaries and accommodations providers to register and to provide identifying information to the Department. Accommodations intermediaries would have a quarterly obligation to provide the Department with a report of receipts and taxes paid for the properties on their platform. Every intermediary would also have to require any accommodations providers listing on the intermediary's platform to provide identifying information and an address for their rental property. The bills would also provide for a civil penalty of \$1,000 for accommodations intermediaries that fail to remove unauthorized properties on their platform within seven days of being notified of an unauthorized rental property by their local commissioner of the revenue.

cc : Secretary of Finance

Date: 01/16/2025 VB
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