

DEPARTMENT OF TAXATION

2010 Fiscal Impact Statement

1. **Patron** Emmett W. Hanger, Jr.

2. **Bill Number** SB 342

3. **Committee** House Finance

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Transient Occupancy Tax; Single-Family
Residences

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would add single-family residences rented out for continuous occupancy for fewer than thirty consecutive days to the list of properties on which any county may levy a transient occupancy tax. This bill would define a single family residence as a single-family residence that is advertised for rental to the general public. The provisions of this bill would also apply to 1) developers of time shares who offer time shares for rental for fewer than thirty consecutive days; or 2) any other persons who offer guest rooms or time shares for fewer than thirty consecutive days.

Under current law, any county may impose a transient occupancy tax at a maximum rate of two percent upon the adoption of an ordinance, on hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms, when such facilities are rented out for continuous occupancy for fewer than thirty consecutive days.

The effective date of this bill is not specified.

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

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

This bill would have no impact on state revenues. This bill could result in a potential revenue gain of an unknown amount for some localities, due to the addition of single-family residences to the list of taxable lodging facilities.

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

All localities

10. **Technical amendment necessary:** No.

11. Other comments:

Generally

Under current law, any county may impose a transient occupancy tax at a maximum rate of two percent, upon the adoption of an ordinance, on hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms. The tax, however, does not apply to rooms rented on a continuous basis by the same individual or group for thirty or more continuous days. The tax applies to rooms intended or suitable for dwelling and sleeping. Therefore, the tax does not apply to such rooms used for alternative purposes, such as banquet rooms and meeting rooms.

Proposal

This bill would add single-family residences rented out for continuous occupancy for fewer than thirty consecutive days to the list of properties on which any county may levy a transient occupancy tax. The bill would define a single family residence as a single-family residence that is advertised for rental to the general public. The provisions of this bill would also apply to 1) developers of time shares who offer time-shares for rental for fewer than thirty consecutive days; or 2) any other persons who offer guest rooms or time-shares for fewer than thirty consecutive days.

The term "time-share" would encompass the terms "time-share estate" as well as "time-share use." "Time-share estate" is currently defined as a right to occupy a unit or any of several units during five or more separated time periods over a period of at least five years, including renewal options, coupled with a freehold estate or an estate for years in a time-share project, or a specified portion thereof. "Time-share use" is currently defined as a right to occupy a time-share unit or any of several time-share units during five or more separated time periods over a period of at least five years, including renewal options, not coupled with a freehold estate or an estate for years in a time-share project or a specified portion thereof. "Time-share estate" does not mean a right to use which is subject to a first-come, first-served, space-available basis, as might exist in a country club, motel, hotel, health spa, campground, or membership or resort facility.

The provisions of this bill would have no impact on the designation of single-family residences as a residential use under state law; county, city, or town zoning ordinances; or property owner covenants.

The effective date of this bill is not specified.

Similar Legislation

House Bill 370 would add Alleghany County to the list of localities that are currently authorized to impose a transient occupancy tax at a maximum rate of five percent.

House Bill 972 would provide that any additional transient occupancy tax or any increase in the rate of an existing transient occupancy tax in Fairfax County does not apply within the limits of any town located in Fairfax County, unless the governing body of the town consents.

Senate Bill 218 would provide that any additional transient occupancy tax or any increase in the rate of an existing transient occupancy tax first imposed on or after July 1, 2010 in Fairfax County does not apply within the limits of any town located in Fairfax County, unless the governing body of the town consents.

Senate Bill 452 would expand the application of the Retail Sales and Use Tax regarding hotels, motels, and other accommodations to authorize the imposition of the tax on the price mark-up and other charges and fees imposed by a third party intermediary.

cc : Secretary of Finance

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