

# DEPARTMENT OF TAXATION

## 2015 Fiscal Impact Statement

1. **Patron** Charles W. Carrico, Sr.

2. **Bill Number** SB 1175

3. **Committee** Senate Finance

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

4. **Title** Short-Term Rental Property Tax; Bicycles

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would give localities the discretion to impose the short-term rental property tax on the rental of a bicycle at the maximum 1.5% rate permitted for heavy equipment short-term rental property or \$1 per bicycle.

Under current law, a business engaged in the short-term rental business must collect the short-term rental property tax from its lessees. For purposes of this tax, property is classified into two types: short-term rental property and heavy equipment short-term rental property. Short-term rental property may be taxed at 1 percent of gross receipts, while heavy equipment short-term rental property may be taxed up to 1.5% of gross receipts. Currently, bike rentals are subject to the short-term rental property tax at a maximum rate of 1%.

The effective date of this bill is not specified.

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

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

### 8. **Fiscal implications:**

To the extent that a locality exercises the option to impose the short-term rental property tax on bicycle rentals at the increased rate of either 1.5% or \$1 per bicycle, this bill may result in an increase in revenue for that locality.

This bill would have no impact on state revenues.

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

All localities

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

## 11. Other comments:

### Merchants Capital

Effective for tax years beginning on or after January 1, 2010, short-term rental property constitutes a classification of merchants' capital that is separate from other classifications of merchants capital. For local taxation purposes, localities may tax short-term rental property under the merchants' capital tax or under the short-term rental property tax, but not both.

### Short-Term Rental Property Tax

In addition to the local sales and use tax, localities are authorized to impose a short-term rental property tax, levied on the gross proceeds from rentals made by short-term rental businesses. The tax is imposed at a maximum rate of 1% of the gross proceeds for businesses primarily engaged in the rental of tangible personal property other than heavy equipment. Short-term rental businesses engaged primarily in the rental of heavy equipment may impose the tax at a maximum rate of 1.5% of gross proceeds.

The tax does not apply to rentals by the federal government, the state, or its political subdivisions, or to durable medical equipment rentals.

Businesses operating as short-term rental businesses must file a quarterly return with the local commissioner of the revenue in the locality in which the tax is collected.

### Proposal

This bill would give localities the discretion to impose the short-term rental property tax on the rental of a bicycle at the maximum 1.5% rate permitted for heavy equipment short-term rental property or \$1 per bicycle.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 1/19/2015 KP  
DLAS File Name: SB1175F161