

# DEPARTMENT OF TAXATION

## 2010 Fiscal Impact Statement

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

3. **Committee** Senate Finance

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

2. **Bill Number** SB 342

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **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.

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. This bill would define a single family residence as a single-family residence that is advertised for rental to the general public.

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 and Senate Bill 218** (identical) 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.

**House Bill 791, House Bill 893 and Senate Bill 452** would provide that retail sales and hotel taxes on transient room rentals are computed based upon the total charges or the total price paid for the use or possession of the room, and would require third party intermediaries to separately state the taxes on the bill or invoice and collect the taxes based on the total charges or the total price paid for the use or possession of the room.

cc : Secretary of Finance

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