

**DEPARTMENT OF TAXATION
2022 Fiscal Impact Statement**

1. **Patron** R. Lee Ware, Jr.

3. **Committee** House Finance

4. **Title** Transient Occupancy Tax; Supporting Documentation

2. **Bill Number** HB 7

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would require accommodations intermediaries to remit county Transient Occupancy Taxes on room charges to the county with supporting documentation as requested by the locality. The documentation must include the address of the accommodation, the identity of the accommodations provider, and the amount of gross receipts on which the remitted tax was levied.

Under current law, accommodations intermediaries are deemed to be a facility making a retail sale of an accommodation and are required to collect the local Transient Occupancy Tax computed on the room charge. There is no specific requirement under current law related to supporting documentation.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

6. **Budget amendment necessary:** No

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

8. Fiscal implications:

Administrative Costs

This bill could result in administrative costs to impacted counties based on new documentation requirements. It would have no impact on state administrative costs.

Revenue Impact

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

9. Specific agency or political subdivisions affected:

All counties that impose a Transient Occupancy Tax.

10. **Technical amendment necessary:** No

11. Other comments:

Background

Under current law, any county, city, or town may, upon the adoption of an ordinance, impose a transient occupancy tax on hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms.

Legislation enacted during the 2021 General Assembly defines "accommodations intermediary" to mean any person other than an accommodations provider that facilitates the sale of an accommodation, charges a room charge to the customer, and charges an accommodations fee to the customer, which fee it retains as compensation for facilitating the sale, including brokering, coordinating, or in any other way arranging for the purchase of the right to use accommodations via a transaction directly, including via one or more payment processors, between a customer and an accommodations provider. The statute specifically excludes situations where the accommodations are provided by an accommodations provider operating under a trademark, trade name, or service mark belonging to such person; or a person who facilitates the sale of an accommodation if (i) the price paid by the customer to such person is equal to the price paid by such person to the accommodations provider for the use of the accommodations and (ii) the only compensation received by such person for facilitating the sale of the accommodation is a commission paid from the accommodations provider to such person.

For any retail sale of accommodations facilitated by an accommodations intermediary, the accommodations intermediary is deemed to be a facility making a retail sale of an accommodation. The accommodations intermediary must collect the Transient Occupancy Tax, computed on the room charge. When the accommodations are at a hotel, the accommodations intermediary must remit the taxes on the accommodations fee to the locality and also remit any remaining taxes to the hotel, which must then remit such taxes to the locality. When the accommodations are at a short-term rental, or at any other accommodations, the accommodations intermediary is required to remit the taxes on the room charge to the locality.

Proposal

This bill would require accommodations intermediaries to remit county transient occupancy taxes on the room charge to the county with supporting documentation as requested by the locality. The documentation must include the address of the accommodation, the identity of the accommodations provider, and the amount of gross receipts on which the remitted tax was levied. This bill would not affect the local transient occupancy taxes imposed by cities and towns pursuant to *Va. Code* § 58.1-3840 et seq.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

cc : Secretary of Finance

Date: 1/20/2022 SK
HB7F161