

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2017 REGULAR SESSION**

MEASURE

2017 BR NUMBER **1663**

HOUSE BILL NUMBER **441**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to the transient room tax.**

SPONSOR **Representative Sinnette**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: _____

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY
Tourism, Meeting, and Convention Marketing Fund OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(Indeterminable)	(Indeterminable)
EXPENDITURES			
NET EFFECT		(Indeterminable)	(Indeterminable)

() indicates a decrease/negative

MEASURE'S PURPOSE: The purpose of this bill is to limit the imposition of state and local transient room taxes to rentals of accommodations for 30 days or less. Thus, all other rentals of accommodations are exempt from the tax.

PROVISIONS/MECHANICS: If enacted, the proposal would amend KRS 91A.390, 91A.392, 142.400, 153.440, and 153.450 to impose the state and local transient room taxes to every occupancy of 30 days or less. The proposal has a delayed effective date of August 1, 2017.

FISCAL EXPLANATION: Similar rentals of accommodations are also subject to the 6 percent sales and use tax. Based upon the 2016-2018 Tax Expenditure Analysis, the fiscal impact of exempting rentals of accommodations of 30 days or more is approximately \$300,000 annually. Therefore, using the same methodology, it is assumed that the Tourism, Meeting, and Convention Fund may experience a negative impact of approximately \$50,000 each fiscal year based upon the proposed changes to the state-wide transient room tax. It should also be noted that the local transient room tax is imposed upon the provider of the accommodation. KRS 139.200 imposes the 6 percent sales and use tax on the gross receipts derived from the retail sale

of accommodations. The local transient room taxes are included in gross receipts subject to tax whether they are included in the stated room rate or separately stated on the purchaser's invoice. Therefore, there will be a negative, but indeterminable, impact to the general fund beginning in FY 2017-2018.

At the local level, jurisdictions may impose various transient room taxes at various levels depending on the location of the jurisdiction and the projects for which the taxes may be imposed. The impact of this proposal on any given jurisdiction will vary by location and is impossible to estimate with any degree of accuracy.

DATA SOURCE(S): Office of State Budget Director

PREPARER: Jennifer Hays NOTE NUMBER: 120 REVIEW: JRS DATE: 2/23/2017