## Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2017 Regular Session

**Part I: Measure Information** 

Bill Request #: 1663
Bill #: HB 441
Bill Subject/Title: AN ACT relating to the transient room tax.
Sponsor: Rep. K. Sinnette
Unit of Government: x City x County x Urban-County Unified Local x Charter County x Consolidated Local x Government
Office(s) Impacted:
Requirement: x Mandatory Optional
Effect on Powers & Duties:x Modifies Existing Adds New Eliminates Existing

## **Part II: Purpose and Mechanics**

HB 441 limits the imposition of state and local transient room taxes to rentals of accommodations for 30 days or less. Sections 1, 2, 4, and 5 of the bill amend sections of KRS Chapters 91A and 153 to restrict the application of the transient room tax to occupancies of 30 days or less for local governments. Section 3 of the bill amends KRS 142.400 to restrict the application of the state transient room tax to occupancies of 30 days or less.

Currently, both the state and local transient room taxes exclude the rental or lease of an apartment supplied by an individual or business that regularly holds itself out as exclusively providing apartments. An apartment is defined as a set of rooms in an apartment building, fitted especially with a kitchen, usually leased as a dwelling for 30 days or more.

## Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

The fiscal impact of this bill on local governments is indeterminable. For any local transient room taxes that are imposed on accommodations beyond a 30-day stay, there will be a negative fiscal impact, because this law would limit transient room taxes to

stays up to 30 days. This would mean a decrease in revenue to local governments and tourist and convention commissions that receive funding from transient room taxes for stays over 30 days. However, the impact of this bill will vary based on the local government tax ordinances, and cannot be estimated accurately

**Data Source(s):** LRC Appropriations and Revenue Staff

**Preparer:** Amit M. Shanker **Reviewer:** KHC **Date:** 2/20/17