

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 374** HLS 25RS 829

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **W/ SEN FLOOR AMD**

Proposed Amd.:

Sub. Bill For.:

Date: May 22, 2025	11:51 AM	Author: MCFARLAND
Dept./Agy.: Revenue		Analyst: Mimi Blanchard
Subject: Sales/Use Tax Marketplace Facilitators		

TAX/SALES & USE EGF +\$350,000 OF EX See Note Page 1 of 1

Includes accommodations intermediaries within the definition of a marketplace facilitator for purposes of collection and remittance of sales and use taxes on remote sales

Current law imposes state and local sales and use taxes on sales of hotel rooms or other sleeping accommodations, including those facilitated by a platform (accommodations intermediaries). Marketplace facilitators, remitting as remote sellers, include persons facilitating sales for marketplace sellers through platforms they own, operate, or control and explicitly exclude persons facilitating the furnishing of accommodations by hotels.

Proposed law adds accommodations intermediaries to the definition of marketplace facilitators required to register, collect and remit state and local sales and use taxes as a remote seller. An accommodations intermediary is defined as a person who, other than the owner, operator, or manager, facilitates the furnishing of accommodations to transient guests through a marketplace they own, operate, or control. Proposed law requires accommodations intermediaries remitting sales and use taxes as marketplace facilitators to also remit local hotel and motel occupancy taxes to the Remote Sellers Commission beginning January 1, 2026, subject to the same rules and administrative provisions applicable to remote sales. Effective July 1, 2025.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$350,000	\$103,000	\$106,000	\$109,000	\$112,000	\$780,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$350,000	\$103,000	\$106,000	\$109,000	\$112,000	\$780,000

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$350,000	\$103,000	\$106,000	\$109,000	\$113,000	\$781,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

The Remote Sellers Commission (RSC) reports that implementation of the proposed law will result in an increase in expenditures of approximately \$350,000 in FY 26, including \$250,000 for system development costs and \$100,000 (salary and related benefits) for one Administrative Supervisor position to manage expanded responsibilities related to the collection and remittance of local occupancy taxes from accommodations intermediaries. Assuming an annual adjustment of 3%, expenditures for the position in the subsequent years are approximately as follows: \$103,000 in FY 27, \$106,000 in FY 28, \$109,000 in FY 29, and \$112,000 in FY 30. RSC reports that these costs will be an increase to its existing budget (represented as other expenditures in the table above as RSC is not included in the state budget) but expected to be funded by an increase in the RSC retention of 1% of occupancy tax collections that are mandated in the bill.

REVENUE EXPLANATION

The bill adds accommodations intermediaries as remote dealers for collecting and remitting state and local sales taxes and local occupancy taxes on lodging but does not change the taxability of these transactions. To the extent that accommodations intermediaries were not remitting state or local sales taxes or local occupancy taxes as marketplace facilitators and the bill compels them to remit, SGF and local revenues may increase.

The Remote Sellers Commission (RSC) retains a 1% collection fee and will do so under this bill as it is charged with collecting remote sales tax for the state and local taxing authorities from remote dealers, including accommodations intermediaries under the bill. Beginning January 1, 2026, accommodations intermediaries will also be required to remit local hotel and motel occupancy taxes through the RSC, which may increase the total amount subject to the commission's 1% fee. Local revenue may decline temporarily by the RSC fee amount. However, the fee is in place to fund RSC operations, which it has done prior to this bill, and the remainder of fee collections have routinely been returned to the local taxing authority, which is expected to continue to occur.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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