



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1511

PRINTERS NO. 3807

PRIME SPONSOR: M. Quinn

REVENUE INCREASE / (DECREASE)

FUND	FY 2018/19	FY 2019/20
General Fund	\$800,000	\$13,800,000
Tourism Promotion Fund	\$10,000,000	\$10,000,000

SUMMARY: House Bill 1511, Printer's Number 3807, amends the Tax Reform Code further providing for definitions and imposition of tax in hotel occupancy tax and establishing a restricted revenue account to be known as the Tourism Promotion Fund.

ANALYSIS: House Bill 1511 adds language defining the terms "accommodation fee", "booking agent" and "discount room charge". Furthermore, the bill amends the definitions of "operator" and "rent" to clarify the manner in which a booking agent must collect and remit the hotel occupancy taxes on the rent paid for the occupancy of a room.

The hotel occupancy tax is levied at the rate of 6% on the rent to occupy a room or rooms in the Commonwealth. This legislation amends the term "rent" to include accommodation fees and any other amount charged by a booking agent. Accommodation fees are defined to be the amount by which the rent exceeds the discount room charge. The discount room charge is defined as the amount charged by the hotel operator to a booking agent in connection with the sale of an accommodation by the booking agent. An operator shall not be liable for the tax owed regarding an accommodation fee. If a booking agent, acting for an operator, collects payment for the rent, the booking agent must collect and remit the tax. A booking agent shall not be required to separately disclose the amount of taxes imposed on the discount room charge and the accommodation fee.

The legislation establishes a restricted revenue account within the Treasury Department to be known as the Tourism Promotion Fund. Of the amount collected under the article, \$10 million is transferred annually to the Tourism Promotion Fund. Monies in the fund shall be used to promote tourism in the Commonwealth. The Department of Community and Economic Development shall promulgate guidelines, rules and regulations as necessary to achieve this purpose. No monies in the fund shall be used until 30 days after publication of guidelines, rules and regulations in the Pennsylvania Bulletin.

The act shall take effect in 60 days.

FISCAL IMPACT: Enactment of this legislation will result in the collection of state hotel occupancy tax revenues on accommodation fees and any other amount charged by a booking agent. Assuming an effective date of December 1, 2018, the additional revenue collected is estimated to be \$10.8 million in 2018-19 and \$23.8 million in 2019-20. Annually, \$10 million shall be transferred to the Tourism Promotion Fund for promoting tourism in the Commonwealth.

PREPARED BY: Ritchie LaFaver
House Appropriations Committee (R)

DATE: September 25, 2018

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.