

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, Nos. 4814 and 4520**

with committee amendments

# STATE OF NEW JERSEY

DATED: JUNE 17, 2019

The Senate Budget and Appropriations Committee reports favorably Assembly Bill Nos. 4814 and 4520 ACS, with committee amendments.

As amended, this bill makes the various taxes and fees that were extended to transient accommodations in 2018, applicable only to transient accommodations that are obtained through a transient space marketplace or that are professionally managed units. Under current law, all transient accommodations are subject to the taxes and fees, unless an exception applies.

A professionally managed unit is a short term rental that is owned or controlled by someone who owns or controls at least three rental units in the State. A transient space marketplace is a marketplace or travel agency, whether online or not, through which short term rentals may be offered and through which the rental may be arranged and paid for. A marketplace in which someone exclusively offers their own short term rentals is not considered a marketplace and would not be subject to the taxes and fees as long as the short term rentals are not professionally managed units.

As amended, the substitute clarifies that the exception from taxes for transient accommodations whereby the key is provided at the site of a real estate broker only applies if the real estate broker facilitates the rental. The amended substitute also requires that local governments imposing the municipal hotel and motel occupancy tax on transient accommodations provide a list of the transient accommodations located in the municipality to the State Treasurer, as they are required to do for hotels and motels.

#### COMMITTEE AMENDMENTS:

The committee amended the substitute bill to:

- 1) include “professionally managed units” among the short term rentals that are subject to the taxes;
- 2) clarify that the exclusion from the definition of transient accommodations for short term rentals of furnished or unfurnished private residential property whereby the key is provided at the site of a

real estate broker requires that the real estate broker entirely facilitates the rental;

3) require that local governments imposing the municipal option tax provide a list of the transient accommodations located in the municipality to the State Treasurer.

FISCAL IMPACT:

The Office of Legislative Services (OLS) expects an annual decrease in State revenues and a potential decrease in annual local revenues as a result of the bill limiting the categories of transient accommodation rentals on which several State and local government taxes and fees are either imposed or authorized to be imposed. However, the OLS lacks sufficient information to quantify the fiscal impacts.