

ASSEMBLY TOURISM, GAMING AND THE ARTS  
COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 4587**

with committee amendments

**STATE OF NEW JERSEY**

DATED: FEBRUARY 27, 2017

The Assembly Tourism, Gaming and the Arts Committee reports favorably and with committee amendments Assembly Bill No. 4587.

As amended, this bill subjects charges of rent for providing transient accommodations in this State to the State sales and use tax, and the State hotel and motel occupancy fee, and authorizes municipalities to impose the hotel occupancy fee, Atlantic City luxury tax, Atlantic City promotion fee, Cape May County tourism sales tax, Cape May County tourism assessment, municipal occupancy tax, sports and entertainment facility tax, and Meadowlands regional hotel use assessment, where applicable. A transient accommodation is defined in the bill as a room, group of rooms, or other living or sleeping space for the lodging of occupants, including but not limited to residences or buildings used as residences; however, the bill as amended exempts transient accommodations listed with a real estate broker licensed by the New Jersey Real Estate Commission from taxation.

The bill permits the Director of the Division of Taxation in the Department of the Treasury or the chief fiscal officer of a municipality (when applicable) to enter into an agreement with the owner or operator of a transient space marketplace for the purpose of collecting the taxes and fees imposed and authorized under the bill. A transient space marketplace allows transient accommodations or hotel rooms to be advertised or listed through an online marketplace and provides a means for a customer to arrange for the occupancy of the transient accommodation or hotel room in exchange for consideration directly through the online marketplace.

Under current law, the State imposes the sales and use tax (at a rate of 6.875% on and after January 1, 2017 but before January 1, 2018, and 6.625% on and after January 1, 2018) and the hotel and motel occupancy fee (at a rate of 5%) on the rent for each occupancy of a room or rooms in a hotel in this State. Further, current law authorizes municipalities to impose various taxes and fees, where applicable, on the rent for each occupancy of a room or rooms in a hotel in those municipalities. Current law does not impose taxes and

fees on short-term rentals (transient accommodations) for occupancies that occur in other types of real property, such as the rental of a spare bedroom in an apartment or the lease of living or sleeping spaces in a single-family house.

In addition to imposing the State sales and use tax and the State hotel and motel occupancy on transient accommodations, the bill authorizes municipalities to impose the following taxes and fees on transient accommodations where applicable:

- Hotel Occupancy Tax (C.40:48E-1 et seq.);
- Atlantic City Luxury Tax (C.40:48-8.15 et seq.);
- Atlantic City Promotion Fee (C.40:48-8.45 et seq.);
- Cape May County Tourism Sales Tax (C.40:54D-1 et seq.);
- Cape May County Tourism Assessment (C.40:54D-1 et seq.);
- Municipal Occupancy Tax (C.40:48F-1 et seq.);
- Sports and Entertainment Facility Tax (C.34:1B-190 et seq.); and
- Meadowlands Regional Hotel Use Assessment (C.5:10A-82 et seq.).

The bill treats permanent residents and charitable, non-profit organizations that lease or rent transient accommodations consistent with how those individuals and organizations are treated for purposes of hotel and motel occupancies. The bill provides that charges of rent for providing transient accommodations to a permanent resident are not subject to tax or fee, and provides that charitable, non-profit organizations (that have been granted tax immunity authorization) are exempt from tax and fee collection responsibilities when providing transient accommodations in furtherance of the purposes for which it was organized. The bill creates an additional exemption for transient accommodations listed with a real estate broker licensed by the New Jersey Real Estate Commission.

#### COMMITTEE AMENDMENTS

The amendments modify the definition of “transient accommodation” to clarify the conditions for an exemption for properties listed with a real estate broker. Specifically, the amendments include language provided for in N.J.A.C 18:24-3.5(a)(6) which describes facilities other than hotels.