

HB 1538 -- TAXATION

SPONSOR: Thompson

This bill modifies provisions related to taxation.

Beginning on January 1, 2027, all currently-authorized transient guest taxes will expire. Any transient guest tax being collected at the local level will cease.

Beginning on January 1, 2027, the top rate of state income tax will be reduced by 0.1%.

Beginning on January 1, 2027, a 5% transient guest tax will be imposed on all sales or charges a transient guest pays for a room in a hotel or motel in the state. Of the funds collected by this tax in each transaction, 1/5 will be deposited in the state's General Revenue Fund; 2/5 will be deposited into the county transient guest tax fund; and 2/5 will be deposited into the municipality transient guest tax fund. If the hotel is not within a municipality 4/5 will be deposited into the county transient guest tax fund.

The Director of the Department of Revenue will keep a record of which funds were collected in each county and municipality and distribute money in the county transient guest tax fund and municipality transient guest tax fund no later than the 10th day of each month. Those funds will be deposited with the county's or municipality's treasurer and must be appropriated by the governing body of the county or municipality before they may be spent.

This bill sunsets six years after the effective date.