



TaxNewsFlash

United States

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KPMG reports: Alabama (accommodations intermediaries legislation); California (budget revisions); Tennessee (local sales taxes on food)

KPMG This Week in State Tax—produced weekly by the KPMG State and Local Tax practice—focuses on recent state and local tax developments.

- **Alabama:** Legislation has been enacted that requires accommodations intermediaries to collect state and local transient occupancy taxes effective January 1, 2025. Under the bill, an accommodations intermediary must collect on taxes on the “room charge,” which is the full retail price paid by the guest for an accommodation, including any accommodations fee and any other fees or charges. When an accommodations intermediary facilitates the transaction on behalf of an accommodations provider, the taxes collected may be remitted to the accommodations provider when there is an executed written agreement or contract specifying the responsible party for remitting such taxes. The bill also defines key terms and specifies certain reporting requirements.
- **California:** The governor has released May budget revisions. For corporate income tax purposes, the budget revisions contemplate clarifying the law to address the recent Office of Tax Appeals decision in *Microsoft*, adopting limits on the use of business credits, and suspending net operating losses (NOLs) for certain taxpayers.
- **Tennessee:** The state currently imposes a sales tax rate of 4% on sales of food and food ingredients. However, House Bill 2641 grants certain municipalities the power to exempt sales of food and food ingredients from city sales tax, or impose a tax at a reduced rate.

Read a [May 2024 report](#) prepared by KPMG LLP

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