

Hotel Occupancy Taxes - Collections Process

Visitor Impact Taskforce
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Who must pay hotel occupancy taxes?

- Every person owning, operating, managing, or controlling any hotel or collecting payment for occupancy in any hotel shall collect the Hotel Occupancy Tax from their guests for the City of Austin.
- A **Hotel** is any building or buildings in which the public may obtain sleeping accommodations for a cost of 2 dollars or more each day for a consecutive duration of 30 days or less. This includes, without limitation, hotels, motels, tourist homes, vacation rentals by owner, houses or courts, lodging houses, inns, hostels, rooming houses, bed and breakfasts, short-term vacation rentals or other buildings where rooms are furnished for consideration. It does not include hospitals, sanitariums or nursing homes.

Background

Short-Term Rentals...special rules

- Short-term rentals, also known as STRs or VRBOs (vacation rental by owner), are required to register with the Austin Code Department annually.
- Austin Code and the Controller's Office share information about hotel occupancy taxpayers to ensure that registered taxpayers have an STR license and that all registered STR taxes are paid.
- STR license issuances and renewals require a hotel occupancy tax payment history demonstrating a current account with no amounts due.

Background, continued

Hotel occupancy taxes are collected in the Hotel Occupancy Tax Fund and transferred out to the recipient funds as follows:

Fund	9% Tax	Percentage	Use (A)
Austin Convention Center Fund	4.50	50.00%	to pay debt service and operating requirements related to the Austin Convention Center
Austin Convention Center Venue Fund	2.00 (B)	22.22%	to pay debt service for bonds issued for the expansion of the Austin Convention Center in 2002, and a small portion of the Waller Creek Tunnel Project
Tourism and Promotions Fund	1.45	16.11%	for contract payments to the Austin Convention and Visitors Bureau (ACVB) to promote conventions and tourism for Austin
Cultural Arts Fund	1.05	11.67%	to fund contracts to artists and cultural agencies as a way to encourage, promote, and improve the arts in Austin. Cultural Arts contracts are allocated through a predetermined process involving review and recommendation by the Arts Commission and approval by the City Council.

(A) Source: 2017 Budget Document, p.286

(B) Note: Once the bonds are paid off, the 2% venue tax ends.

Hotel Occupancy Tax – Allocation to funds

Hotel occupancy taxes are remitted quarterly following the schedule below:

Quarter ended	Tax Due
March 31	April 30
June 30	July 31
September 30	October 31
December 30	January 31

- Taxes must be postmarked by the due date to be considered on time. If the due date falls on a weekend, taxes are due the next business day.
- Taxpayers must submit a report even if no tax is due.

Hotel Occupancy Tax – Reporting Process

Taxes must be postmarked by the due date to be considered paid on time. Penalties are as follows:

- 5% penalty - first day past due
- 5% penalty – on 61st day past due
- After 61st day past due, interest accrues at 10% per annum.
- Delinquent payments are applied to penalties and interest first and then to principal due.

Late payment penalties

Controller's Office delinquency/review process includes:

- For active taxpayers who paid the incorrect amount or paid late and incurred penalties, a notice is sent with the balance due.
- For active taxpayers who did not pay or submit a report, a notice is sent stating no report or taxes were received.
- A download of Austin taxpayers who made payments to the State is matched against the City's taxpayer database. Any taxpayers who are paying the State, but not the City, are notified that they must pay the City as well.
- A comparison of the Austin Code STR licensees to the City of Austin taxpayer database.
 - Any records from Austin Code that are not in the Controller's Office taxpayer database receive a letter notifying them of their obligation to collect and remit hotel occupancy taxes.
 - Any records in the Controller's Office taxpayer database that are not in Austin Code's database are sent to Austin Code for follow-up. This is true for hotels, bed & breakfasts, and short-term rentals.

Delinquency/review process

Audits

In years past, the Office of the City Auditor performed hotel occupancy tax audits to ensure hotels were complying with exemption documentation and tax calculations.

The last audits were issued and presented to the Audit and Finance Committee:

- Hotels: November 2013
- Short-term rentals: December 2014

Other compliance processes

Site	Description
https://www.comptroller.texas.gov/taxes/hotel/	State of Texas Hotel Occupancy Taxes
http://www.austintexas.gov/department/hotel-occupancy-taxes	Controller's Office – Hotel Occupancy Tax
http://www.austintexas.gov/str	Austin Code Department – Short-Term Rentals
https://www.austintexas.gov/financeonline/finance/financial_docs.cfm?ws=1&pg=1	City of Austin Approved Budget 2016-17

Resources

Questions?

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