

Caption:

Discuss, consider, and take action regarding an Ordinance amending the Town's Code of Ordinances by amending Article IV (Hotel Occupancy Tax) of Chapter 74 (Taxation) thereof by adding a new Section 74-108 pertaining to certificates and documentation as may be required by the director of finance from a person required to collect the hotel occupancy tax stating and supporting a qualification for an exemption from or non-imposition of the tax.

Financial Impact:

None.

Background:

The Town levies a hotel occupancy tax on the cost of a sleeping room furnished by a hotel where the cost of occupancy is more than \$2.00 per day. The tax is equal to 7% of the amount paid by the occupant for the room, and an owner, operator, or person controlling a hotel must collect the tax. Section 74-102 of the Code of Ordinances states that the tax is not imposed on an occupant who has the right to use a room in a hotel for at least 30 consecutive days so long as there is no interruption of payment for the period, and this is provided as well by State law. State law also provides other exemptions (e.g., an exemption for the United States).

Section 74-104 of the Code of Ordinances requires that, each month, a person required to collect the tax must file a report with the director of finance that shows (i) the consideration paid for all occupancies in the preceding month, (ii) the amount of the tax collected on the occupancies, and (iii) any other information the director may reasonably require. Section 74-105 of the Code gives the director of finance power to make rules and regulations necessary to effectively collect the tax.

The proposed ordinance would supplement these provisions by providing that the director may require that a person required to collect the tax submit, with a monthly report, a certificate or other documentation that states the qualification for an exemption from or non-imposition of the tax, and that any exemption or non-imposition of the tax must be supported by documentation adopted by the director.

Recommendation:

Staff recommends approval.