



Amendment to Hotel Occupancy Tax Ordinance

City Council Meeting
May 17, 2022



Change in Reporting and Payment Due Date

- Tax reporting and payment currently due by the last day of each month
- Recommend change to the 20th day of the month
 - This is consistent with the reporting and payment date for State Hotel Occupancy Tax
 - Improve financial reporting since reports will be received prior to the end of the month



Addition of Interest to Past Due Amounts

- Current ordinance does not provide for interest to be charged on past due amounts, only a one-time late filing penalty of 15%
- Recommend addition of interest for amounts that are more than 60 days past due
 - Base the rate of interest on the prime rate as of the first calendar day of each year plus one percent
 - This is consistent with the State Hotel Occupancy Tax interest calculation.



Interest and Penalty Calculation

Current Ordinance

- Hotel A owes \$1,000 in HOT
- Files return late
- Does not pay past due amount for 90 days

Tax Due	\$1,000
Late Payment Penalty	<u>\$ 150</u>
Total Amount Due at 90 days	\$1,150

Proposed Changes

- Hotel A owes \$1,000 in HOT
- Files return late
- Does not pay past due amount for 90 days

Tax Due	\$1,000
Interest beginning on day 61*	\$ 4
Late Payment Penalty	<u>\$ 150</u>
Total Amount Due at 90 days	\$1,154

* Based on 4.25% interest annually



Recommendation

Staff recommends:

- Adjusting the reporting and payment due date to the 20th of the month
- Adding interest to amounts more than 60 days past due
- Accepting wording changes consistent with State Hotel Occupancy Tax wording