



AGENDA MEMORANDUM

First Reading for the City Council Meeting of May 17, 2022
Second Reading for the City Council Meeting of May 24, 2022

DATE: May 3, 2022
TO: Peter Zanoni, City Manager
FROM: Heather Hurlbert, CPA, CGFO Director of Finance and Procurement
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Approving an amendment to the Hotel Occupancy Tax Ordinance including changes to the due date and the addition of interest on delinquent amounts.

CAPTION:

Ordinance amending Chapter 17 of the Corpus Christi Code by adding interest due for submission of delinquent hotel occupancy tax reports and payments, changing the date reports and payments are due, and including other necessary edits to update the language; and providing for an effective date and publication.

SUMMARY:

This item approves changes to the HOT ordinance to make the City of Corpus Christi's ordinance language consistent with the State of Texas law including changing the reporting due date, allowing for interest to be charged on amounts that are more than 60 days past due, and other wording changes to remain consistent with the State law.

BACKGROUND AND FINDINGS:

During the review of procedures and polices City staff recommended that the current City's HOT ordinance be updated to be more consistent with the State of Texas law. The proposed changes include:

- Modifying *Sec 17-38-Reports* to change the reporting due date from the last day of the month to the 20th day of the month. This due date is consistent with when the State HOT reports are due and will improve the City's financial reporting process since the revenue will be recognized within the month instead of at the close of the month. The modifications also include language to clarify when reports are due if the due date falls on a holiday or weekend and that the reports and payment must be received by the due date.
- Updating *Sec 17-41 Reserved* to allow for the application of interest to amounts that are more than 60 days delinquent. Interest has been applied in the past but was removed in 2007 and replaced with just a late filing penalty. In the absence of the ability to charge interest on delinquent amounts there is no further penalty for not remitting taxes owed besides the one-time late filing penalty. The interest rate will be based on the prime rate plus one (1) percent on the first day of each calendar year. This methodology is consistent with the State law.

- Updating Sec 17-36 (b) to remove the language detailing an issuance of a certificate of authority to collect tax. This is not required going forward as registration is achieved through the administrative website for collections.

Other minor wording was changed to be consistent with the State of Texas language.

The changes proposed for the ordinance will not be effective until the reporting period ending August 31, 2022. Reports for this reporting period will be due September 20, 2022 and any delinquent amounts resulting during this reporting period forward will be subject to interest after the 60th day of delinquency. This effective date will allow time for outreach to HOT taxpayers and education on the changes.

ALTERNATIVES:

City Council could choose to not approve the ordinance changes and the due date will remain as the last day of the month and no interested will be assessed on amounts more than 60 days past due.

FISCAL IMPACT:

No fiscal impact can be calculated but these changes could result in a small amount of interest revenue on amounts that become more than 60 days past due after the adoption.

Funding Detail:

Fund:

Organization/Activity:

Mission Element:

Project # **(CIP Only)**:

Account:

RECOMMENDATION:

Approve the proposed changes to the HOT ordinance.

LIST OF SUPPORTING DOCUMENTS:

HOT Ordinance Amendment proposed changes redline