



Hotel Occupancy Tax Collection May 28, 2020

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HOT Collection Overview



- Local Tax of 9%: Collected by Park Board and retained locally
- State Tax of 6%: Collected by State Comptroller and 2% returned to Park Board
- Total tax collections for FY 2019
 - City 9%: \$18,192,619 or \$2.02M per penny
 - State 2% returned to City: \$4,228,566 or \$2.11M per penny
 - Difference: \$93,000 per penny or \$837,000 in FY 2019
- FY 2020 Year to Date for State tax is already ahead of last year by \$99,000 with major part of year to come
- If FY 2020 were a “normal year” and we received \$2M per penny in local HOT, the State Tax share would be \$2.3M
 - If the Park Board could collect all of the taxes due using the State HOT YTD as the basis, we would gain \$300,000 per penny or \$2.7 million.

**HISTORY OF HOTEL OCCUPANCY COLLECTIONS
FY 2007 THROUGH THE FIRST SIX MONTHS OF FY 2020**

Fiscal Year	City 9%	State 2% that Come to the City	City Penny	State Penny	State Penny Over/(Under) City
FY07 Actual	\$9,816,487	\$2,031,980	\$1,090,721	\$1,015,990	(\$74,731)
FY08 Actual	\$10,284,900	\$2,147,844	\$1,142,767	\$1,073,922	(\$68,845)
FY09 Actual	\$8,090,814	\$1,686,295	\$898,979	\$843,148	(\$55,831)
FY10 Actual	\$8,713,444	\$1,754,175	\$968,160	\$877,087	(\$91,073)
FY11 Actual	\$11,112,455	\$2,278,037	\$1,234,717	\$1,139,019	(\$95,698)
FY12 Actual	\$11,758,606	\$2,472,202	\$1,306,512	\$1,236,101	(\$70,411)
FY13 Actual	\$12,537,973	\$2,731,175	\$1,393,108	\$1,365,587	(\$27,521)
FY14 Actual	\$13,584,868	\$2,918,580	\$1,509,430	\$1,459,290	(\$50,140)
FY15 Actual	\$15,287,358	\$3,220,323	\$1,698,595	\$1,610,161	(\$88,434)
FY16 Actual	\$15,307,601	\$3,300,109	\$1,700,845	\$1,650,055	(\$50,790)
FY17 Actual	\$16,665,929	\$3,570,235	\$1,851,770	\$1,785,118	(\$66,652)
FY18 Actual	\$18,680,565	\$4,188,610	\$2,075,618	\$2,094,305	\$18,687
FY19 Actual	\$18,192,619	\$4,228,566	\$2,021,402	\$2,114,283	\$92,881
FY20 Actual YTD (6 mos)	\$5,810,117	\$1,488,405	\$645,569	\$744,202	\$98,633
6 mos trend projected for more normal year	\$18,000,000	\$4,612,000	\$2,000,000	\$2,306,000	\$306,000
City adopts STR Agreements and achieves State yield per penny	\$2,306,000 time nine pennies = \$20,754,000 in total revenue				Equates to a gain of \$2,754,000.



What happened?

- City/Park Board used to collect from short-term rental operators and the State did little
 - Result: City collected more on a per penny basis through FY 2017 (see chart)
- Since FY 2018, the first full year after the state began in May 2017 to collect directly from Airbnb, the State's collections per penny have been greater than the Park Board
 - The State now has additional booking “platforms” collecting state HOT for them but not local HOT
 - State is collecting approximately 15% more HOT per penny than the City



More Numbers

- Park Board currently has registered 2,300 STROs that are required to pay Local and State HOT; Many registered believe their platform is collecting City HOT because the platform collects State HOT
- Potential exists for there being many more STROs: City has almost 23,000 single family properties (per GCAD) and only 9,000 owner occupied homes leaving 14,000 that must be second homes, vacant, long-term renter occupied or short term renter occupied.
- The short term rental industry has a large and growing number of companies, large and small, with HomeAway and Airbnb being two of the largest.



Issues/Concerns

1. Impact of STROs on neighboring properties
2. Collection of State and Local HOT by the STRO platforms
3. Enforcement of City registration requirement for owners to participate, including revocation because registration is invalid, has expired or has been revoked.
4. Collection of data for individual STRO properties by each platform and accessibility to audit that data
5. Market impact of STROs that do not pay local HOT on hotels and other STROs that pay local taxes?
6. Best legal mechanism to accomplish our goals?
Revision to and enforcement of existing City ordinance (see attached draft ordinance in agenda item)?
7. Whether to use boilerplate contract based on City/Park Board goals for all platforms to sign? Or use each company's contract?





Questions and Discussion