



MEMORANDUM

To: Mayor and City Council

From: Jennifer Miller, Director of Finance

Date: October 9, 2018

Reference: Consider approval of an Ordinance of the City of Coppell, Texas, amending the Code of Ordinances by repealing Chapter 1 “Administration”, Article 1-14, “Hotel Occupancy Tax” in its entirety, and replacing it with a new chapter 1 “Administration”, article 1-14 ‘Hotel Occupancy Tax; providing for collection; providing for delinquency; providing for audit; providing a repealing clause; providing a severability clause; providing for a savings clause; providing a penalty of fine not to exceed the sum of five hundred (\$500.00) for each offense; and providing an effective date.

2030: Sustainable City Government

Introduction:

The current Hotel Occupancy Tax ordinance does not include short-term-rentals. However, Article 9-29, “Short Term Rentals,” Section 9-29-5.E.5, “Restrictions on Short Term Rentals,” requires the payment of hotel occupancy tax by owners. The ordinance presented for consideration includes the additional language necessary for inclusion of Short Term Rentals, reporting requirements, ability of the City to audit, and penalties for failure to collect and remit the hotel occupancy tax.

Analysis:

The attached Hotel Occupancy Tax ordinance includes the following proposed changes:

- **Section 1-14-1- Definitions** –a definition for *Online travel website, travel broker or agent* was added. Also, the addition of *Short-term rental home* to the definition of hotel and *online travel website, travel broker or agent* to the definition of person. In addition, clarifying language was included in this section.
- **Section 1-14-2 – Tax imposed** – a reference to the definition of hotel was added, and the section’s wording was modified for clarity.
- **Section 1-14-4 – Collection of tax** –requirement of *Short-term rental or online travel companies* to collect, remit, and report hotel occupancy tax was inserted. In addition, the ability to bring suit against a person who operates a hotel, as defined by this ordinance, and fails to report and remit taxes to the City was added. The person will be liable for the cost of the audit, attorney fees, and a penalty on unpaid taxes will be assessed.by Coppell.
- **Section 1-14-5 – Audit** – this section is new. This section allows the City to conduct an audit of hotels failing to file a hotel occupancy tax report with the City and allows the City to determine the amount of tax due. The inclusion of the ability to audit when a report is not filed is in addition to other audit authority provided by State statute.
- **Section 1-14-6 – Tax collection on termination of business** – *single-family residence used as a short-term rental* was included in subsections (A), (B), and (C). In addition, the term “tax assessor/collector was removed from this section and replaced with “the City.”

- **Section 1-14-8 – Penalties** – removed reference to penalties for failure to report timely as this is now covered in the new audit section. Violating any of the provisions or terms of the ordinance will result in the assessment of a fine not to exceed \$500 for each offense was added.

The above changes are necessary because Section 9-29-5.E.5, “Restrictions on Short Term Rentals” requires the payment of hotel occupancy tax by single-family residences used as a short-term rental and that language is not in the current Hotel Occupancy Tax ordinance.

Legal Review:

The City Attorney reviewed this ordinance.

Fiscal Impact:

Recommendation:

The Finance Department recommends approval.