



## Legislation Text

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**File #:** 08-0505, **Version:** 2

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Recommendation to receive and file the Report on Transient Occupancy Tax audits for 2005 through 2007.

### Background

Long Beach Municipal Code (LBMC) 3.64 authorizes the City to levy transient occupancy taxes (TOT) on individuals who occupy a hotel/motel room in Long Beach for a period of 30 days or less. The tax is collected by the hotel/motel operator and remitted to the City on a monthly basis. The current TOT rate is 12%; six percent is deposited in the city's General Fund; and six percent is for revenue purposes needed for the City's Special Advertising and Promotion Fund. (Note that in the Downtown Redevelopment Area, the TOT is also 12%, with half going to the General Fund and half collected by the Redevelopment Agency under its own ordinance.) In fiscal years 2006 and 2007, the City collected \$16.5 million and \$18.3 million in TOT revenues, respectively.

In May 2005, the City Council amended the TOT of the Long Beach Municipal Code, resulting in changes that improved documentation requirements, clarified Code ambiguities, and updated the ordinance for changes in technology and state law.

Following the TOT Municipal Code changes, a program to audit hotels and motels citywide was initiated. The audits served a dual purpose: to instruct the hotel/motel operators of the City's TOT ordinance changes and to ensure that operators were properly remitting TOT to the City. The attached report represents the results of the TOT audits from 2005 through 2007.

The Office of the City Auditor will continue to monitor compliance with all aspects of our transient occupancy tax in 2008 and beyond, including provisions related to required tax refunds for those occupants who stay in a hotel for more than 30 days. Because these provisions are administratively cumbersome and negatively impact the revenue generation of our transient occupancy tax, we recommend that they be considered at a future date for possible amendment. However, because such a revision would require a vote of the people under Proposition 218, we recommend that this topic be revisited at such a time when the City contemplates holistic revision of its transient occupancy tax.

This report is not time-sensitive.

\$149,629 of delinquent TOT taxes have been collected as a result of the 2005-2007 TOT audits, as detailed in the attached report.

Approve recommendation.

LAURA L. DOUD, CPA

CITY AUDITOR