

BACKGROUND:

The City of Bay City's last Hotel Occupancy Tax Compliance Review was in 2012 consisting of 15 hotels. Today the City collects on 22 hotels with 40% more revenue than in 2012. The contract presented an annual contract subject to three (3) subsequent one-year terms. Services provided under this contract are the following:

Compliance Review- recommend 2 hotels per year for discount

- Includes training for hotels on proper exemptions

Administration Services- collects hotel tax on behalf of City

- Allows for hotels to pay online like they currently do with the State
- Reporting shows each hotel by month and year making it easy to view trends

Discovery Services- Identifies entities subject to taxation but not reporting lodging taxes to City

FINANCIAL IMPLICATIONS:

The City shall pay one-time set up fee of \$2,500 to set up the online file and pay. Then each year the City shall pay \$150.00 per hotel for administration services.

Audit Services: Each hotel audited will cost \$2,000/hotel. 100% of revenue recovered from Audit is paid to the City.

Discovery Services- 40% of all revenue collected (paid)—all future years belong to City at 100%.

Most of this will not start until FY 2021.

RECOMMENDATION:

Staff recommends approval of the Hotel/Motel Service Contract Amendment