



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 07/27/2021

REQUESTER: Kathryn Walker

PRESENTER: Kathryn Walker, City Attorney

ITEM TITLE: CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT OR POSTPONEMENT OF ORDINANCE O-2122-11: AN ORDINANCE OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA AMENDING SECTION 8-504 OF THE CITY CODE TO ADD AN EXEMPTION FROM THE TRANSIENT GUEST ROOM TAX ORDINANCE FOR TRIBAL NATIONS AND CLARIFYING THAT EXEMPTIONS SHOULD ONLY BE GRANTED IF EXEMPTED ENTITY IS PAYING FOR THE GUEST ROOM; AND PROVIDING FOR THE SEVERABILITY THEREOF.

BACKGROUND:

The Transient Guest Room Sales Tax Ordinance (City Code, Section 8-501, et. Seq.) was first adopted in 1980 to provide for a tax upon the gross proceeds derived from the rent for every occupancy of a room or rooms in a hotel in Norman. Proceeds from the Room Tax, with a current rate of five percent (5%) of the gross hotel rent, are to be used “exclusively for the purpose of encouraging, promoting, and fostering the convention and tourism development of the City of Norman.... Uses in park development and in promotion of arts and humanities are thus contemplated.”

Certain entities have been exempted from the inception of the ordinance – permanent Norman residents, the U.S. government or any agency thereof, the State of Oklahoma or any political subdivision thereof, and organizations operated exclusively for religious, charitable, philanthropic or educational purposes; provided the primary purpose is not carrying on a trade or business for profit.

Recently, an event was conducted on behalf of one of the tribal nations in Oklahoma. Tribal nations have not typically been treated as exempt from the Transient Guest Room Sales Tax because they are neither an agency of the U.S. government or a political subdivision of the State of Oklahoma. Council has received a request from the tribal nation to consider updating the Ordinance to exempt tribal nations. Council has expressed support for such an amendment.

DISCUSSION:

Ordinance O-2122-11 creates such an exemption. It also adds language to limit exemptions to when the various exempted agencies are paying for the guest room. Hotels and similar establishments are charged with collecting and remitting the tax to the City. Sometimes they have struggled to enforce the exemptions. Adding language to apply the exemption when the exempted agency is paying for the guest room will make it simpler to determine whether the exemption applies. This makes it much easier for the hotels to enforce the Ordinance. The negative impact on Room Tax revenues from this proposed exemption has not been determined.

RECOMMENDATION:

Staff recommends approval of Ordinance O-2122-11 upon Second and Final Reading.