



Legislation Details (With Text)

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Attachments: 1. Reso2019-118_TOT-Interest&Penalties_Admin

Date	Ver.	Action By	Action	Result
10/22/2019	1	BOARD OF SUPERVISORS		

MEMORANDUM

TO: Board of Supervisors
FROM: Carol J. Huchingson, County Administrative Officer
DATE: October 22, 2019
SUBJECT: Discussion and Consideration of Transient Occupancy Tax Waivers

EXECUTIVE SUMMARY:

During your Board's consideration of an appeal requesting a waiver of all Transient Occupancy Tax (TOT), including interest and penalties, your Board directed staff to return with further information for broader discussion while the appeal was continued.

On August 20, 2019, in anticipation of appeals, your Board adopted Resolution No. 2019-118 (attached hereto) providing an option for a certain class of operator appellants with a waiver of interest and penalties in response to multiple appeals recently filed. This class represented first time operators within the last 3 years. Even within this class, however, there are still major distinctions. For example, some properties are small, owner occupied units where an extra bedroom or separate area of the home is being rented. These small units are often seen as providing supplemental income to help cover bills. Others, are large vacation homes on the lake where both the occupancy rates and prices are relatively high. These homes typically generate much larger monthly revenue streams.

Staff has taken a moderated approach to the enforcement effort of the TOT ordinance. While taxes owed by the operator go back the start of their operation, whether it is 10 years or 6 months, staff is only seeking payment for the last 3 years. This decision stems from the ordinance, which provides

that the taxpayer is only obligated to maintain the last 3 years of records and because the most cost-effective administrative enforcement measures are available to the County within this period as well. The 3 year period stretching back to 2016 also coincided with media publicizing your Board's efforts to increase TOT enforcement. In more egregious cases, such as those involving potential fraud, the County still reserves the right to pursue past this period. Furthermore, staff has not held new owners accountable for unpaid bills by a prior operator within the 3 year period.

It is important to clarify this essentially resulted in a de facto reduction to these operators' tax bills, trimming the debt to only 3 years, and then only to the time the current operator was in business. Then, your Board provided a waiver of interest and penalties for this in the aforementioned class, offering a further reduction. These two distinct reductions have resulted in just the base tax remaining for only 3 years.

Based off the returns processed through early October, approximately 65 operators have registered as a result of the enforcement efforts. At this time approximately \$78,465.44 in base TOT has been received based off of these early figures. This represents about 1/2 of the initial 126 properties contacted, and does not include payment plans set etc. There remain others in various stages of compliance, and so payments received after the period ending September 30th are not yet fully reflected in the above figure. Additionally, there are approximately 30 properties requiring further investigation to identify. All told, there is still considerable revenue due the County in this time of fiscal crisis.

FISCAL IMPACT: ☒ None ☐ Budgeted ☐ Non-Budgeted

Estimated Cost:

Amount Budgeted:

Additional Requested:

Annual Cost (if planned for future years):

FISCAL IMPACT (Narrative): None

STAFFING IMPACT (if applicable): None

RECOMMENDED ACTION: Possible direction to staff.