

# State Hotel Occupancy Tax (HOT)



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## State HOT Overview

- Indirect Tax v. Direct Tax
- Est. 1959 at 3%
- Currently 6% (Rate Hikes in the 1981 and 1987)
  - But why 17% HOT Tax?
- Approx. \$725 million in 2022 net collections
- Approx. 12,000 Taxpayers



## State HOT Overview

- Title 2, Texas Tax Code, Chapter 156
- Texas Comptroller of Public Accounts
  - Administers
  - Collects
  - Audits
  - Enforces
- Texas Government Code, Chapter 2001
- General Revenue with exceptions (ex. Certain Coastal Cities)



# What is a Hotel?

A building in which members of the public obtain sleeping accommodations for consideration.



## Tax Imposed

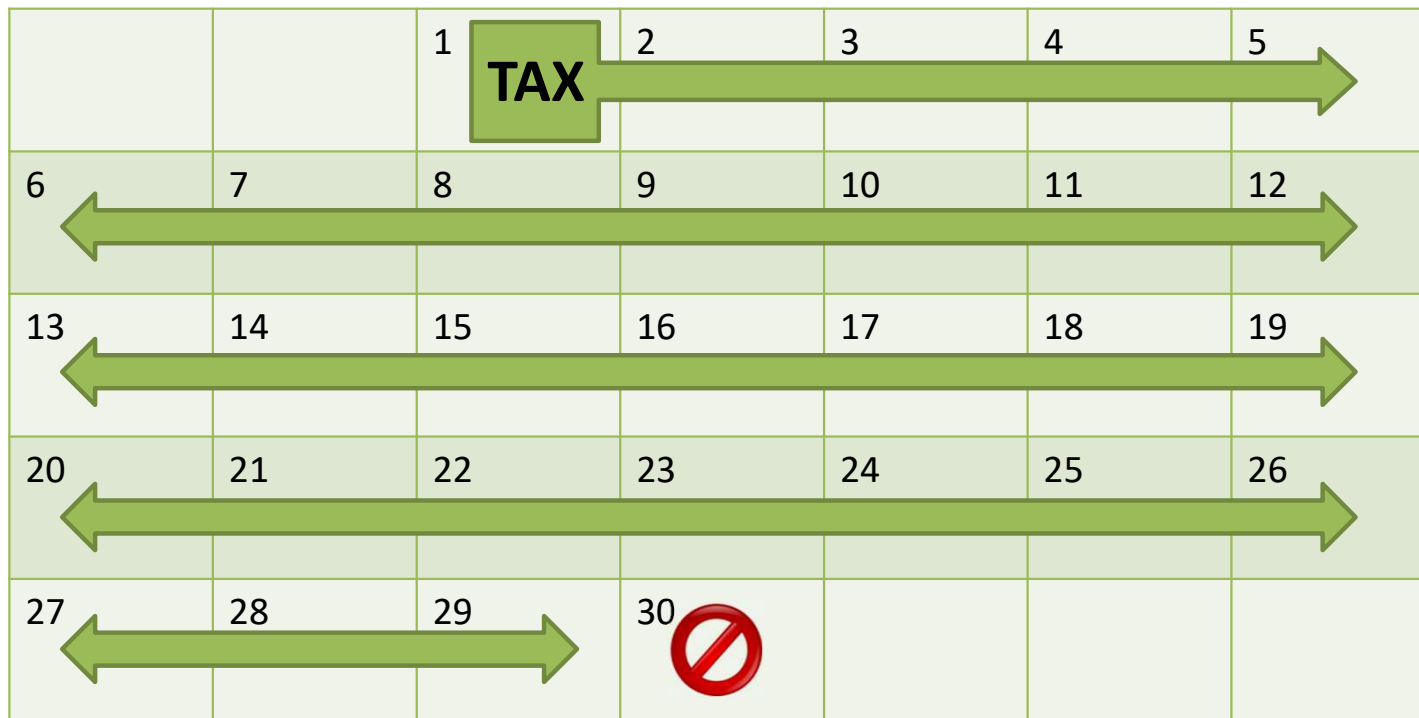
- A tax is imposed on a **person** who, under a lease, concession, permit, right of access, license, contract, or agreement, pays for the **use or possession** or for **the right** to the use or possession of a **room or space in a hotel** costing **\$15** or more each day.
- The price of a room in a hotel does not include the cost of food served by the hotel and the cost of **personal services** performed by the hotel for the person **except** for those services related to **cleaning and readying** the room for use or possession.

## Who Collects?

A person **owning, operating, managing, or controlling** a hotel shall collect for the state the tax that is imposed by this chapter and that is calculated on the amount paid for a room in the hotel.



# Permanent Resident Exception



## Other Exceptions

- Religious, Charitable, or Educational Organizations
- Federal employees traveling on official business





# State Agency and Their Employees

- Not Exempt at Time of Payment (with exceptions)
- Refund of State Tax for the State Agency



## State HOT v. Local HOT

- Most of the time both are due
- Sometimes only State HOT is due (Ex. Banquet Rooms)
- Sometimes only Local HOT is due (Ex. Educational orgs)



## Reporting and Payment

- Reported
  - Monthly
  - Quarterly if eligible
- Hotel Tax Receipts available on Secure Information and File Transfer System (SIFT) System

## Enforcement Provisions

- Interest on Delinquent Taxes
- Penalty – 5% and another 5% after 30 days
- Criminal Penalty – Misdemeanor
- Successor liability on purchase of hotel



# Airbnb and HomeAway

- Collect state hotel occupancy tax
- Responsibility of host to report and remit to local jurisdictions



## Sources

- Chapter 156
- Rules 3.161-3.163
- Sources of Revenue
- Fiscal Notes Article The Hotel Occupancy Tax
- Hotel Occupancy Tax Webpage and FAQs