



Hotel Motel Tax

HANDOUT 5

Frequently Asked Questions

Q. I travel for extended periods of time for my career. In some states the tax is not charged on continuous stay occupants. Will I have to pay tax on a continuous stay in Georgia?

A. A continuous stay occupant is exempt from the local Hotel Motel Tax on the thirty-first day of a continuous stay. The exemption formerly began on the eleventh day; however, effective July 1, 2008 it changed to the thirty-first day.

Q. I work for the local Convention and Visitors Bureau (CVB) and we have historically been the only entity contracted by the City to expend the Hotel Motel Tax dollars. Recently, the City has entertained the possibility of dividing the funding between the CVB and another Designation Marketing Organization (DMO). Can the City divide the funding and remain in compliance with the state code.

A. The Georgia code 48-13-51 states that the restricted portion of the tax "...shall be expended through a contract or contracts ...". Therefore, the City can contract with more than one third party as long as they all meet the criteria of an eligible recipient. Criteria eligibility (per Georgia Code 48-13-51): "... the state, a department of the state government, a state authority, a convention and visitors bureau authority created by a local Act of the general assembly for a municipality, or a private sector nonprofit organization..".

Q. My county collects tax at a rate of 5%. I saw the definition of Tourism Product Development on the DCA website and am very excited that our county can now use hotel tax collections to develop a golf course. The county says they are not allowed to develop a golf course with the hotel tax proceeds. Why not?

A. The authorization paragraph your county is collecting the tax under does not authorize "Tourism Product Development" to be funded from the restricted portion of the tax. Only paragraph (b) authorizes Tourism Product Development from the restricted portion of the tax.

Q. It appears that at least one of our hotels may be under reporting the amount of tax collected. Is there anything we can do to verify the accuracy of their reports to us?

A. Yes, the Georgia Code does require the innkeeper to keep adequate records and to make them available at reasonable hours to the local government for review and audit purposes.

Q. My government has been collecting hotel tax at a rate of 3% for several years. We are interested in increasing our tax rate. What is involved in changing tax rates?

A. As a result of House Bill 1168, governments have these options regarding authorization paragraphs. Since your government is presently collecting at a rate of three percent, you have two choices:

- Use paragraph 48-13-51(a)(3) which is a 5% rate and can be implemented without involvement from the general assembly; or
- Use paragraph 48-13-51 (b) which is a rate from 6% up to 8%. However, to implement this paragraph the government must pass a resolution specifying: (a) the tax rate and (b) the tourism product development projects. Then a local Act must be passed by the General Assembly.

Note: The question specified 3%. However, if tax is currently not collected, or is collected at a 4% rate, there is an additional option to use paragraph 48-13-51(a)(2) which is a 3% rate.

Q. Can you tell us what expenditures meet the definition of “promoting tourism”?

A. Here are some examples of projects, activities, and other expenses. Those marked “Yes” are eligible to be funded with Hotel Motel Tax funds restricted for promoting tourism.

Brochure highlighting local attractions	Yes
Map of local accommodations and restaurants	Yes
July 4 Concert and Fireworks Show	No
Radio/television advertising for July 4 Concert and Fireworks Show	Yes
Police overtime for July 4 Concert and Fireworks Show	No
Building rent for Visitors Center	Yes
Visitors Center staff salaries	Yes
Generic decorative banners for street lights	No
Decorative banners for street lights that advertise a specific recurring event	Yes
General operating expenses of a Chamber of Commerce	No
Fees for website advertising attractions, accommodations, and restaurants	Yes
Visitors maps and packets	Yes
Postage for mailing visitors packets	Yes
Welcome signs at city/county borders	Yes
Downtown sidewalk rehabilitation	No
Decorative light posts for downtown	No