



Staff Reports Details (With Text)

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**Title:** Deferment of Transient Occupancy Tax and Transient Occupancy Special Tax

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Date	Ver.	Action By	Action	Result
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3/31/2020	1	CITY COUNCIL OF THE CITY OF NAPA		
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To: Honorable Mayor and Members of City Council

From: Bret Prebula, Finance Director

Prepared By: Bret Prebula, Finance Director

**TITLE:**

Deferment of Transient Occupancy Tax and Transient Occupancy Special Tax

**RECOMMENDED ACTION:**

Adopt a resolution deferring payment of Transient Occupancy Taxes and Transient Occupancy Special Taxes for 61 days, for taxes imposed in the months of February and March 2020.

**DISCUSSION:**

The City of Napa’s hotel industry provides a significant source of revenue for the City through the payment of a Transient Occupancy Tax (“TOT”) of 12% of lodging receipts; and a Transient Occupancy Special Tax (“Special Tax”) of 1% of lodging receipts. For the purpose of this report, the phrase “Transient Tax” will be used to refer to the combined 13% tax comprised of the 12% TOT plus the 1% Special Tax.

Due to the Coronavirus (COVID-19), tourism has significantly diminished, and some local hotels have temporarily closed. Therefore, City staff recommends a 61 day deferment for payment of the Transient Tax to provide flexibility for hotels challenged by the unexpected loss of revenue. Under the requirements of the Napa Municipal Code (“NMC”), these Transient Taxes are due by the 10th of the month following the month subsequent to the reporting period. In other words, for Transient Taxes imposed on visitors in February, the taxes are due to the City on April 10; and for Transient Taxes imposed on visitors in March, the taxes are due to the City on May 10. Deferment of 61 days will afford hotels the opportunity to manage their operating capital without penalty.

As suggested above, City staff proposes deferring the due date for the payment of February Transient Taxes to June 10, 2020, and deferring the due date for the payment of March Transient Taxes to July 10, 2020. If the Transient Taxes are not paid by the deferred due dates, the NMC authorizes the City to impose a late charge of 10% per month past due, and an interest charge of 1% per month.

Transient Taxes for the month of April 2020 and beyond will be due on the regular schedule (the 10th day of the calendar month following the month subsequent to the reporting period, i.e. April taxes will be due June 10, 2020).

**FINANCIAL IMPACTS:**

No budget adjustments are requested at this time. The Finance Department will continue to evaluate the impact and return to Council with recommended budget actions.

**CEQA:**

The Finance Director has determined that the recommended actions described in this agenda report are not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

**DOCUMENTS ATTACHED:**

ATCH 1 - Resolution

**NOTIFICATION:**

None.