

Room Tax 101

A brief primer on the Tompkins County Hotel Room Occupancy Tax

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The Tompkins County Hotel Room Occupancy Tax Law

- What law authorizes the County to collect this tax?
 - o [Local Law No. 4-1988](#)
 - o A companion [state enabling law](#) gives Tompkins County this taxing authority.
- Who must pay this tax?
 - o People who stay in a hotel in Tompkins County are subject to the tax.
 - o There are exemptions to the tax for stays over 30 days, state and local governments, and certain non-profit entities. (§ 150-12)
- Who collects this tax?
 - o Each lodging establishment is responsible for collecting the tax from guests. The tax must be itemized on the guest's bill. (§ 150-15)
- Does the law specify how tax funds are to be used?
 - o Yes. The law states that the room tax funds "shall be allocated to enhance the general economy of Tompkins County, its cities, towns and villages, through promotion of tourist activities, conventions trade shows, special events and other directly related and supporting activities." (§ 150-20)
 - o The law also allows Tompkins County to retain up to 10% of the revenue "to defer the necessary expenses of the County in administering the tax." (§ 150-20)
- How does the law define hotel?
 - o "A facility or portion thereof that is used for the lodging of paying guests. The term 'hotel' includes, but is not limited to, an apartment hotel, a motel, guest house, or facility known as a 'bed-and-breakfast' tourist facility, whether or not meals are served." (§ 150-9)
- What happens if a hotel does not pay the room tax?
 - o Failure to pay the room tax can lead to judicial and financial consequences. The law describes the county's procedure to recover tax in § 150-23. Penalties and interest calculations are described in § 150-27.
- Where can I find out more about this tax?
 - o Check the Tompkins County [Finance Department](#) website.

Room Tax Collection and Reporting Periods

The room tax is remitted from lodging establishments to the County's Finance Department four times annually. The tax collection periods are as follows:

- 1st Quarter: December 1 to February 28
- 2nd Quarter: March 1 to May 31
- 3rd Quarter: June 1 to August 31
- 4th Quarter: September 1 to November 30

Tax payments are due on the 20th day of the month following the collection period. The collection due dates are as follows:

- 1st Quarter: March 20
- 2nd Quarter: June 20
- 3rd Quarter: September 20
- 4th Quarter: December 20

The Finance Department typically reports quarterly room tax within 10 business days following the deadlines. This means that room tax is reported to the STPB and County Legislature roughly a month following the collection period.

Following the 4th quarter room tax report, a year-end closeout is conducted by the Finance Department and the Tourism Program Director. This closeout report considers all revenues and expenses for the prior year. This typically takes place in February or March.

Tompkins County Budget

The County's budget development is coordinated by [County Administration](#) for all 30 departments, divisions, and offices. The annual County budget is approved by the County Legislature each fall for the coming year. The recommended budget for 2022 was \$194 million.

The Tourism Program budget is one component of the overall County budget. It is unique since it includes a projection of revenue (aka room tax) and expenses (most departments simply forecast the latter). Like other departments, the Tourism Program submits its budget to County Administration for review annually, typically in early July.

Following this review, the County Administrator presents a recommended budget to the Legislature, typically in September. At this point, the Legislature's Expanded Budget Committee begins to hear presentations from each department about the specifics of their annual budget proposal. Following these meetings, the full Legislature meets as needed to debate budget modifications and vote on them. A public hearing is held prior to the final vote to adopt the budget.

Once the budget is adopted, it can only be modified through a formal budget adjustment resolution, which must be voted on by the Legislature. (If the amount is under \$5,000, an administrative amendment can be approved by the County Finance Director.)

The Role of the Strategic Tourism Planning Board

As an advisory board to the County Legislature, the STPB has an important role regarding room tax and the County budget. As stated in the STPB bylaws (Article 2, section 1.4), the fourth purpose of the board is to “advise the Tompkins County Legislature, pursuant to the above clauses, on the allocation of proceeds from the Tompkins County Room Occupancy Tax.” This means that a key part of the STPB’s purpose is to come up with an annual budget for the room tax.

Most of this work is done by the STPB’s Budget Committee. The STPB bylaws define this as one of three “Standing Committees” (Article 6, section 2). This committee presents a draft budget for consideration by the STPB. The Tourism Program Director works closely with the Budget Committee and partner organizations to come up with the draft budget proposal. Following an STPB vote on the recommended budget, the Tourism Program Director then submits the budget to County Administration for review and inclusion in the County’s annual budget.

The full STPB and the Budget Committee also monitor the quarterly hotel room occupancy tax reports. When tax collections fall below the amount forecast in the annual budget, the Tourism Program Director works with the committee to prepare a budget adjustment. When room tax collections exceed the amount forecast, the STPB applies its adopted policy on how to allocate surpluses (Budget Reserve and Surplus Hotel Room Occupancy Tax Policy).