

ORDINANCE 32A

Amended on August 19th, 2021 by the Log Cabin City Council to update due dates for quarterly reports and taxes for Hotel/Motel/Short-Term Rental owners/operators, annual reporting due dates and procedures for the City Treasurer, and any spelling/grammatical errors.

HOTEL/MOTEL/SHORT-TERM RENTALS TAX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOG CABIN, TEXAS UPDATING THE HOTEL/MOTEL/SHORT-TERM RENTALS (AIRBNB, HOMEAWAY, ETC.) TO COLLECT THE 7% HOTEL OCCUPANCY TAX. THIS ORDINANCE IS ALSO ESTABLISHING PERMIT FEES FOR ANY RESIDENT THAT HAS A SHORT-TERM RENTAL IN OUR CITY LIMITS.

SECTION I: DEFINITIONS

The following terms are defined as follows:

- A. **Consideration** – The cost of the room in a hotel only if the room is ordinarily used for sleeping, and not including the cost of any food served or personal services rendered to occupant of such room not related to the cleaning and readying of such room for occupancy.
- B. **City Treasurer** – the city employee responsible for all the city's financial documents and record keeping.
- C. **Hotel** – Any building or buildings in which the public may, for a consideration, obtain sleeping accommodations including hotels, motels, tourist homes, inns, but not including hospitals, sanitariums, or nursing homes.
- D. **Occupancy** – The use of possession, or the right to the use or possession, of any room or rooms in a hotel if the room is one which is ordinarily used for sleeping and if the occupant is someone other than a permanent resident as hereinafter defined.
- E. **Occupant** – Anyone who, for a consideration, uses, possesses, or has a right to use or possess any room or rooms in a hotel under any lease, concession permit, right of access, license, contract, or agreement, other than a permanent resident as hereinafter denied.
- F. **Permanent Resident** – any occupant who has or shall have the right to occupancy of any room or rooms in a hotel for at least thirty consecutive days during the calendar or preceding year.
- G. **Person** – any individual, company, corporation, or association owning operating, managing, or controlling any hotel.
- H. **Quarterly Period** – The regular calendar quarters of the year, the first quarter being composed of the months of January, February, and March; the second quarter being the months of April, May, and June; the third quarter being July, August, and September; and the fourth quarter being October, November, and December.
- I. **Short-Term Rentals** – the use of any Dwelling Unit, authorized Accessory Dwelling Unit or Accessory Building, or portions thereof for dwelling, sleeping, or lodging purposes by Short-Term Rental Transients. Short-Term Rentals shall be an accessory use to a residential use and be considered neither a Tourist Hotel nor a Residential Hotel for purposes of this Title.

SECTION II: TAX LEVIED/PERMIT FEES/EXEMPTIONS

The tax hereby levied at the rate of 7% of the price paid for a room in a hotel on every person who, under a lease, concession, permit, right of access, license, contract, or agreement, pays for the use of

possession of a room, that is \$15.00 or more each day or one room that is more than \$2.00 per day and is ordinarily used for sleeping.

If any resident/nonresident has a short-term rental in the city limits of Log Cabin City, he/she must obtain an annual permit from City Hall. The price for the annual permit is \$150.00. If he/she has a short-term rental without a permit, they will be subject fines and penalties not to exceed \$500.00.

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 those services related to the cleaning and readying of the room for possession.

Exceptions are as follows:

- A. No tax shall be imposed for federal or state employees traveling on official business.
- B. No tax shall be imposed upon a permanent resident unless their home is being used as a short-term rental property.
- C. No tax shall be imposed for diplomatic personnel who present a Tax Exemption Card issued by the United States Department of State.
- D. No tax shall be imposed for federal or state military personnel traveling on official military business. This exemption does not cover military staff/personnel on leave or between stations.

Anyone wishing to use their home as a short-term rental, whether it is one room of their home or the entire house, needs to apply for a permit in the amount of \$150.00 at Log Cabin City Hall. If a CSI (Customer Service Inspection) or CO (Certificate of Occupancy) must be completed at any point the owner of the home is responsible for the fees. CSI fee is \$120.00, and the CO fee is \$100.00. Permits may be denied, suspended, or revoked based on misleading or inaccurate information on permit applications, incomplete applications, outdated application information, short term rental is sold or ownership transferred,

SECTION III: COLLECTION OF TAX

Every person, owning, operating, managing, or controlling any hotel, motel, or short-term rental shall collect the tax levied by this ordinance for the City of Log Cabin.

The hotel operator shall be entitled to the 1% of the hotel occupancy tax revenues collected as reimbursement for the operator's administrative costs, provided this reimbursement may be forfeited at the discretion of the City if the hotel operator fails to timely pay over the tax or timely file a report as required by the City or file a false report with the City. The Tax shall be collected on January 20th, April 20th, July 20th, and October 20th every fiscal year.

A quarterly report must be turned in to the City Treasurer at Log Cabin City Hall on January 20th, April 20th, July 20th, and October 20th every fiscal year. Every owner of a hotel, motel, or short-term rental is required to collect the tax imposed and hereby file a report with the City Treasurer showing the price paid for all room occupancies in the preceding quarter, the amount of the tax collected on such occupancies, and any other information the City Treasurer may reasonably require. Such person shall pay the tax due on such occupancies at the time of filing such report. The report shall be in a form prescribed by the City Treasurer. The City Treasurer is hereby authorized and directed to do all such things necessary or convenient to carry out the terms of this ordinance. The City Treasurer shall have

the authority to request and receive, within reasonable time, documentation for information contained in the report to the City. The Following is the report and pay schedule:

- A. January, February, and March quarterly report and payment are due April 20th every year.
- B. April, May and June quarterly report and payment are due July 20th every year.
- C. July, August, and September quarterly report and payment are due October 20th of every year
- D. October, November, and December quarterly report and payment are due January 20th of every year.

SECTION IV: RULES AND REGULATIONS OF CITY TREASURER

The City Treasurer shall follow this ordinance. If the City Treasurer feels it is necessary to change or update the rules and regulations, to effectively collect the tax levied, he/she must present said changes to the council for majority vote. The City Treasurer shall upon reasonable notice have access to books and records necessary to enable him/her to determine the correctness of any report filed as required by this Ordinance and the amount of taxes due under the provisions of this article. The City Treasurer must file a hotel/short-term rental tax report to the Comptroller's office on or before February 20th each year, using the prescribed method/s as detailed in Texas Tax Code Section 351.009. The City Treasurer must keep records of everything the hotel tax is spent on to show the money was spent according to the resolution, as outlined below.

SECTION V: PENALTIES

If any business/person shall fail to file a report on time he/she will assess a \$50.00 fine. If taxes are paid 1-30 days after the due date, a 5% penalty is assessed. If taxes are over 30 days late, a 10% penalty is assessed. Past due taxes will be charged interest beginning 61 days after the due date. The following steps are to be taken to calculate the interest: Current year interest rates can be found on the comptroller's website.

- A. Interest rate multiplied by taxes due multiplied by how many days its late and then divided by 365-days (366 for leap year) example:
 - 1. \$1,000.00 taxes owed multiplied by interest rate of 5.75% (.0575) equals \$57.50.
 - 2. Then \$57.50 multiplied by 150 days equals \$8,625.00.
 - 3. Then \$8625 divided by 365 days equals \$23.51 interest due.

Any person violating any of the provisions of this article, including hotel and short-term operators who fail to collect the tax, fail to file a report, file a false report, or who are delinquent in their tax payment, shall be guilty of a misdemeanor and shall, upon conviction, be fined in any sum not to exceed \$200.00. Each 24-hour period after the first violation shall constitute a separate offense.

The City is hereby authorized to take the following actions against any person/business required to collect the tax imposed hereby and pay the collection over to the City who fail to file a report, file a false report, or fail to pay taxes when due:

- A. Require the forfeiture of any revenue the City allowed the hotel operator to retain for its cost of collecting the tax.
- B. Sue against the hotel/short-term rental for noncompliance.
- C. Sue against the hotel/short-term rental seeking any other remedies provided under Texas law.

The City Attorney is hereby authorized to sue any person/business required to collect the tax imposed hereby and required to pay the collection over to the City who has failed to file a report, or filed a false report, or failed to pay the tax when due. Such suit may seek to collect such tax not paid or to enjoin such person from operating a hotel/short-term rental in the City until the tax is paid or the report is filed or both.

SECTION VI: USE OF REVENUE FOR HOTEL/SHORT-TERM RENTAL TAX

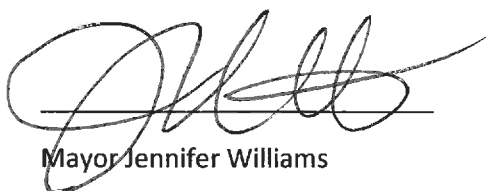
The revenue derived from any hotel/short-term rental occupancy tax levied by this ordinance may be used to promote tourism. However, there are several things the hotel tax can be used on:

- A. Funding the establishment, improvement, or maintenance of a convention center or visitor center.
- B. Paying the administrative costs for facilitating convention registration.
- C. Pay for advertising, solicitations, and promotions that attract tourists and convention delegates to the city or its vicinity.
- D. Expenditures that promote the arts.
- E. Funding historical restoration or preservation programs.
- F. Funding certain expenses, including promotional expenses, directly related to a sporting event within counties with a population of under 1 million.
- G. Funding the enhancement or upgrading of existing sports facilities or sports fields for certain municipalities.
- H. Funding transportation systems for tourists.
- I. Signage directing tourists to sights and attractions that are visited frequently by hotel guests in the municipality.

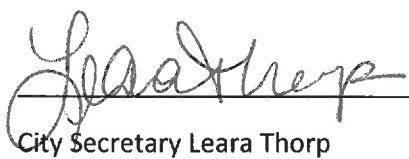
The Log Cabin City Council must approve a resolution every October detailing the project the hotel tax is to be used on and what the current penalty interest rate is from the comptroller's office. A resolution may be done during the fiscal year to change the interest rate if the comptroller's office changes the rate. However, once a project is picked, it must stay that for the entire fiscal year. It can only be changed in October of every year.

Ordinance originally passed and approves on the 20th day of May, 2021 by the Log Cabin City Council.

Amended and approved on the 19th day of August, 2021 by the Log Cabin City Council.



Mayor Jennifer Williams



City Secretary Leara Thorp