



# STAFF REPORT

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**Agenda Date:** 9/6/2016

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Mark Danaj, City Manager

**FROM:**

Quinn M. Barrow, City Attorney

Bruce Moe, Finance Director

**SUBJECT:**

Consider Request by Operator of Shade Hotel for Hearing on Amount of Delinquent Transient Occupancy Tax Assessed by the Tax Administrator (City Attorney Barrow).

**CONSIDER REQUEST**

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**RECOMMENDATION:**

That the City Council consider extending the period to request a hearing on the amount of delinquent transient occupancy tax assessed against the operator of the Shade Hotel.

**FISCAL IMPLICATIONS:**

If the requested hearing is granted, and if the result of the hearing is in favor of the hotel operator, the City would not receive the \$22,597.46 assessment.

**BACKGROUND:**

A recent audit determined that the operator of the Shade Hotel underpaid Transient Occupancy Tax in the principal amount of \$22,597.46, for the period January 2012 through December 2015. A notice of the deficiency was mailed on June 6, 2016; no response was received. On June 22, 2016, a notice stating that penalties would be assessed was mailed. On June 30, 2016, the City received a telephone call from a Shade Hotel representative seeking an extension of the appeal period. Staff advised that only City Council has that authority.

**DISCUSSION:**

Municipal Code Section 8.20.090 provides that, within 10 days after the mailing of notice of the amount of tax due, the operator may request hearing on the amount assessed. No such request was received by the Tax Administrator until July 18, 2016, 42 days after mailing of the initial notice. The operator has requested a hearing to challenge the assessment.

This is not the time to consider the merits of the challenge. The only issue for the Council is whether to extend the period in which the operator can request a hearing.

**Attachments:**

1. Letters of June 6 and June 22, 2016, from Finance Department to Zisli Group
2. Letter of July 18, 2016 from Michael Zisli