



Washtenaw County Finance Department

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Kelly Belknap, Finance Director

Washtenaw County Accommodation Ordinance 2014 Annual Report

History

The Washtenaw County Accommodation Ordinance was adopted in 1975 by the Board of Commissioners (BOC) to collect an excise tax which under Michigan law, applies to providers of accommodations engaged in the businesses of providing rooms for dwelling, lodging, or sleeping purposes to transient guests.

The Ordinance permits the BOC to provide the services allowed by law through County government; or, to contract with nonprofit agencies to carry out the purpose of the Ordinance.

The excise taxes charged to each transient guest are utilized to improve the local economy and to promote and encourage tourist and convention business within the County.

Since its inception, the County has contracted with both the Ann Arbor Area and the Ypsilanti Area Convention & Visitors Bureaus (CVBs) for their marketing and tourism efforts.

The collection and use of the tax is overseen by the Accommodations Ordinance Commission (AOC).

The accommodation excise tax is 5% of reported room revenue for accommodations and is due on or before the 15th each month for the previous month's activity. Monthly reports are prepared for the AOC to reflect the excise tax revenue received, to report delinquencies, and enforcement actions, if any. The County retains 10% to administer the fund; the remaining 90% is disbursed to the CVBs: 75% to the Ann Arbor Area CVB and 25% to the Ypsilanti Area CVB.

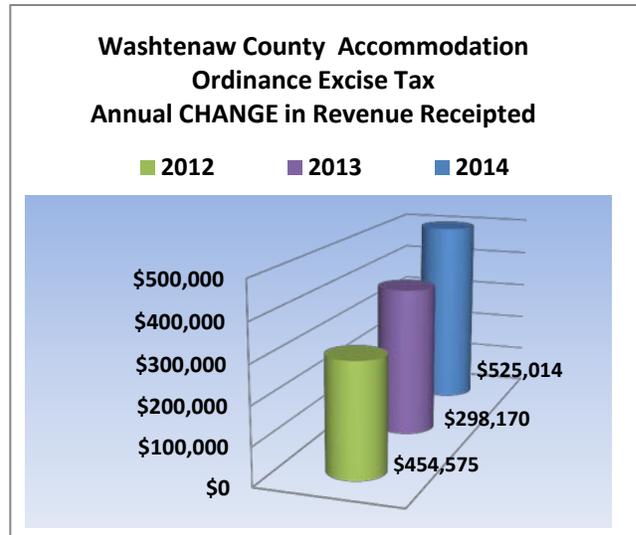
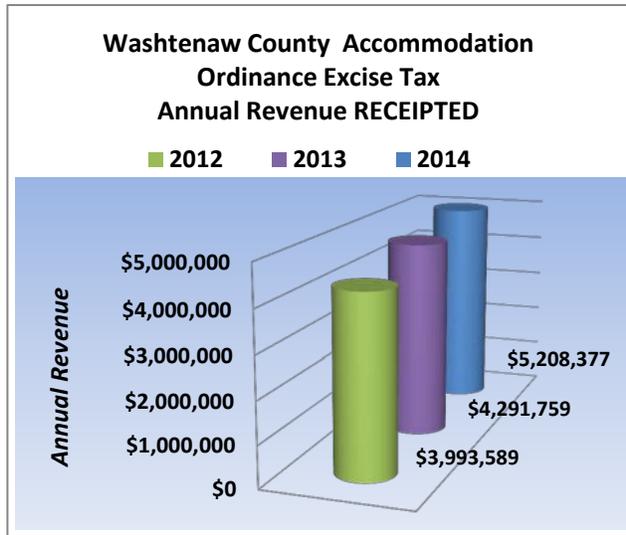
A Second Amendment to the Ordinance provided certain providers of accommodations to be excluded, specifically, bed & breakfasts, cottages, and single-family residences who offered their home on occasion to transient guests for weekend events. This Second Amendment became effective October 1, 2012.

The administration and enforcement of the Ordinance had been the responsibility of the Treasurer's Office since the Ordinance's adoption through mid-December 2012. Effective December 17, 2012, these responsibilities were transitioned to the Washtenaw County Finance Director with the Third Amendment to the Ordinance.

**WASHTENAW COUNTY ACCOMMODATION ORDINANCE
2014 Annual Report from the Finance Director**

Revenues

The total audited accommodations tax revenue collected and received by the Treasurer’s Office for 2014 was \$ 5,208,377.20 and was an increase of 11.2% and \$525,013.81 from 2013 revenues collected and received.



Disbursements

The audited 2014 disbursement of accommodation excise taxes are shown below:

Washtenaw County	10% of total taxes collected - <i>includes penalty and interest</i>	\$ 520,837.72
Ann Arbor Area CVB	75% of remainder	3,515,654.61
Ypsilanti CVB	25% of remainder	1,171,884.87
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	Total	\$ 5,208,377.20

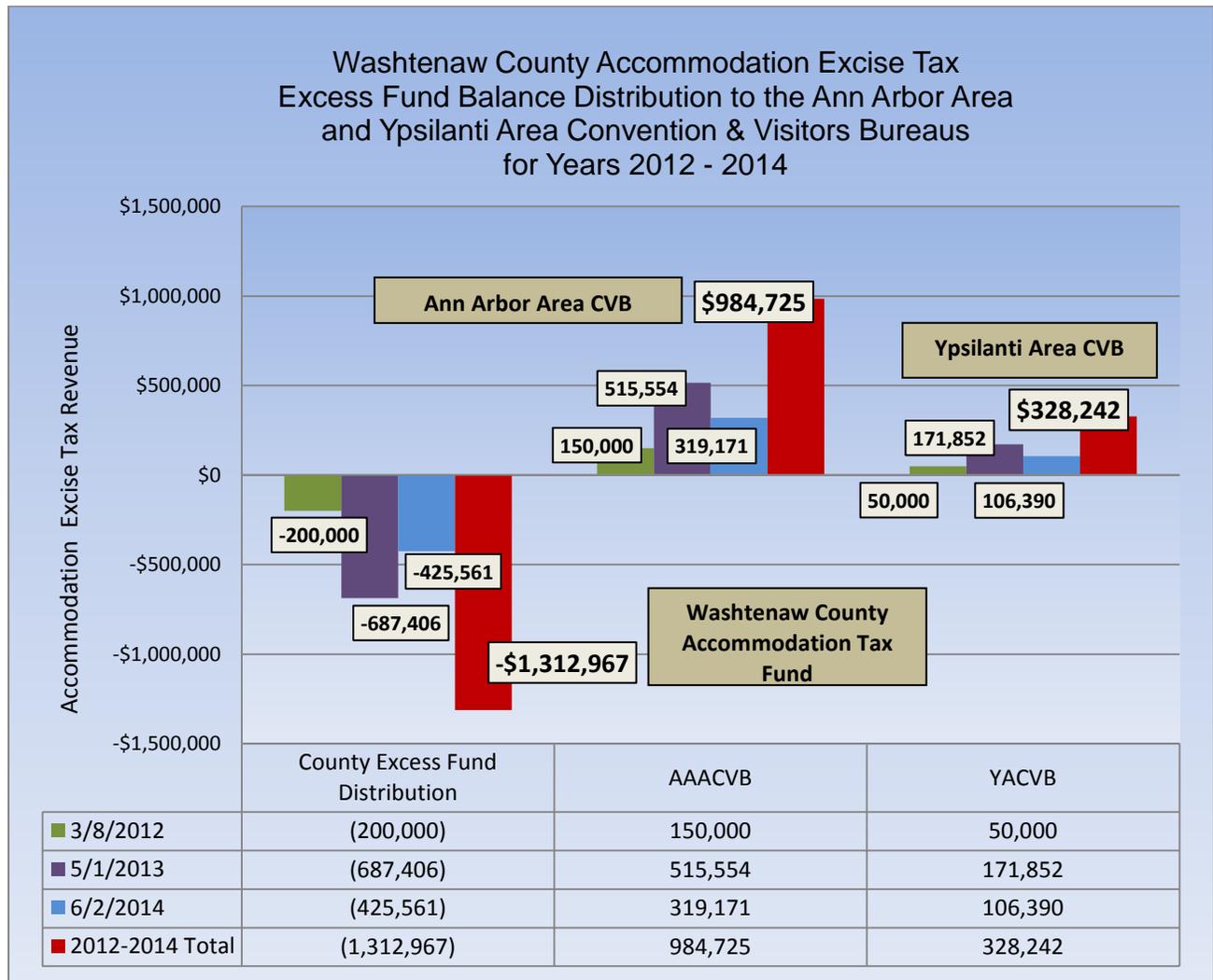
Recent Excise Tax Revenue History

The timing of the collection, reporting/receipting, and distribution of the accommodation tax revenue spans three (3) months.

The 1st month hoteliers collect the excise tax from their transient guests. The 2nd month hoteliers report to the County their room revenue subject to the excise tax and remit the tax they collected in the 1st month. The 3rd month, the County distributes 90% of the taxes received into the Treasurer’s office remitted in the 2nd month, while the remaining 10% is held in a special fund at the County for administration [and enforcement action, if needed].

In 2012, an early fund distribution was made to the CVBs in alignment with a Pure Michigan campaign opportunity [Res#12-0026]. In 2013, a special fund distribution was made to the CVBs as amended to their respective contracts [Res#11-00154]. In 2014, an excise fund distribution was made in the amount of \$425,561.

These Excess Fund Distributions are depicted in the graph below.



Welcome Letters Sent

Welcome letters were sent to the following providers of accommodations in 2014 primarily due to a change in ownership, and included:

- 1818 Lamp Post Inn
- 1813 Residence Inn Ann Arbor North [previously Hawthorne Suites]
- 1816 Wyndham Garden Ann Arbor [previously Clarion Hotel & Suites]

Facilities Closed

No facilities closed in 2014.

Delinquencies

The AOC voted in September 2009, to withhold marketing support from those who were delinquent in reporting their room revenue and/or remitting their accommodation excise tax to the County Treasurer. There were no outstanding delinquencies in 2014.

Compliance Reviews

Administration and enforcement responsibilities include periodic compliance reviews of the 39 providers of accommodations within Washtenaw County. Compliance reviews are not audits, but rather a review of the books and records which determine the total room revenue reported each period is correctly reflected in the monthly report and the 5% excise tax remitted is the correct amount.

The provider of accommodation is given advance notice to meet with the Finance Department to review select periods of any given year [current year and up to three (3) years previous]. A compliance review ensures the provider is correctly applying the spirit of the Ordinance and the taxes remitted are appropriate. To date all providers of accommodations in Washtenaw County have had at least one [1] compliance review.