



Washtenaw County Finance Department

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Washtenaw County Accommodation Ordinance 2015 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, applied to providers of accommodations engaged in the businesses of providing rooms for dwelling, lodging, or sleeping purposes to transient guests.

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.

The accommodation excise tax is 5% of reported room revenue for accommodations and became due on or before the 15th each month for the previous month's activity. Monthly reports were prepared for the Accommodation Ordinance Commission [AOC] to reflect the excise tax revenue received, to report delinquencies, and enforcement actions, if any. The County retained 10% to administer the fund; the remaining 90% was disbursed to the Convention and Visitors Bureaus [CVB]: 75% to the Ann Arbor Area CVB and 25% to the Ypsilanti Area CVB.

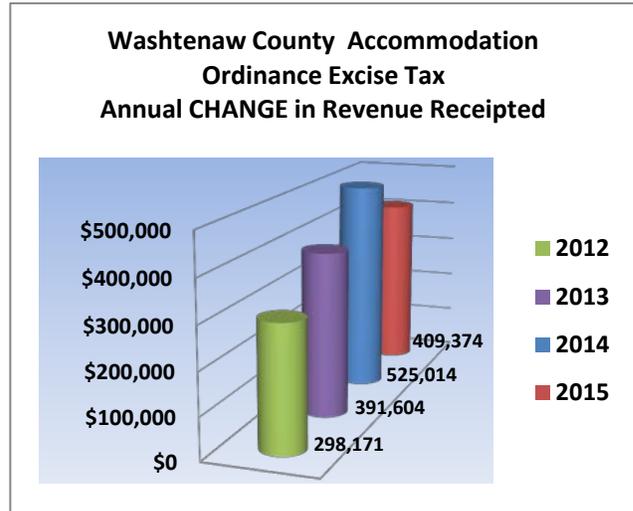
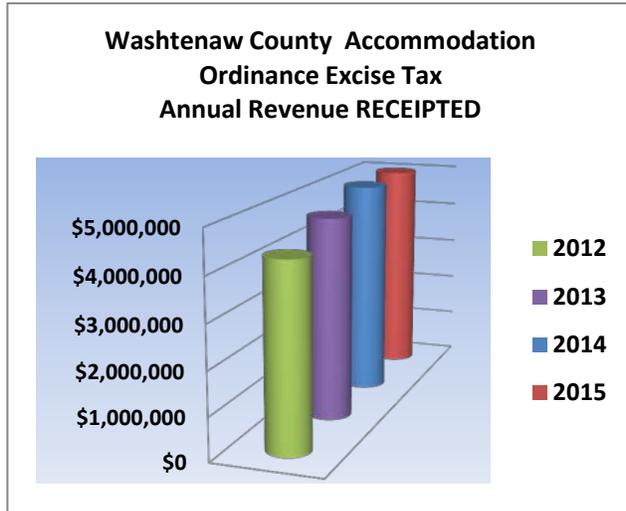
A Second Amendment to the Ordinance provided certain providers of accommodations to be excluded, specifically, bed & breakfasts, cottages, and single-family residences who offered their home on occasion to transient guests for weekend events. This Second Amendment became effective October 1, 2012.

On October 7, 2015 Res. No. 15-0168 adopted a process and parameters for contracting with a single Convention and Visitors Bureau for destination marketing services funded by the Washtenaw County Accommodation Ordinance Excise Tax, thereby amending the Ordinance for a fourth time.

The resolution included nine [9] clauses and included primarily, the elimination of the AOC and the transfer of AOC responsibilities to the Economic Development Coordinating Committee [EDCC]; and, allowed the contracts with both the Ann Arbor Area CVB and the Ypsilanti Area CVB to expire and fund one [1] merged CVB to be known as the Washtenaw County CVB.

Revenues

The total unaudited accommodations tax revenue collected and received by the Treasurer’s Office for 2015 was \$5,617,751 – An increase from 2014 revenues collected and received of \$409,374 or 7.86%.



Disbursements

The unaudited 2015 disbursement of accommodation excise taxes are shown below:

Washtenaw County	10% of total taxes collected Jan - Dec	\$ 561,775.10
Ann Arbor Area CVB	75% of remainder during Jan - Oct	3,276,600.34
Ypsilanti Area CVB	25% of remainder during Jan - Oct	1,092,200.10
Washtenaw County CVB	90% of total taxes collected Nov - Dec	687,175.26
Total		\$ 5,617,750.80

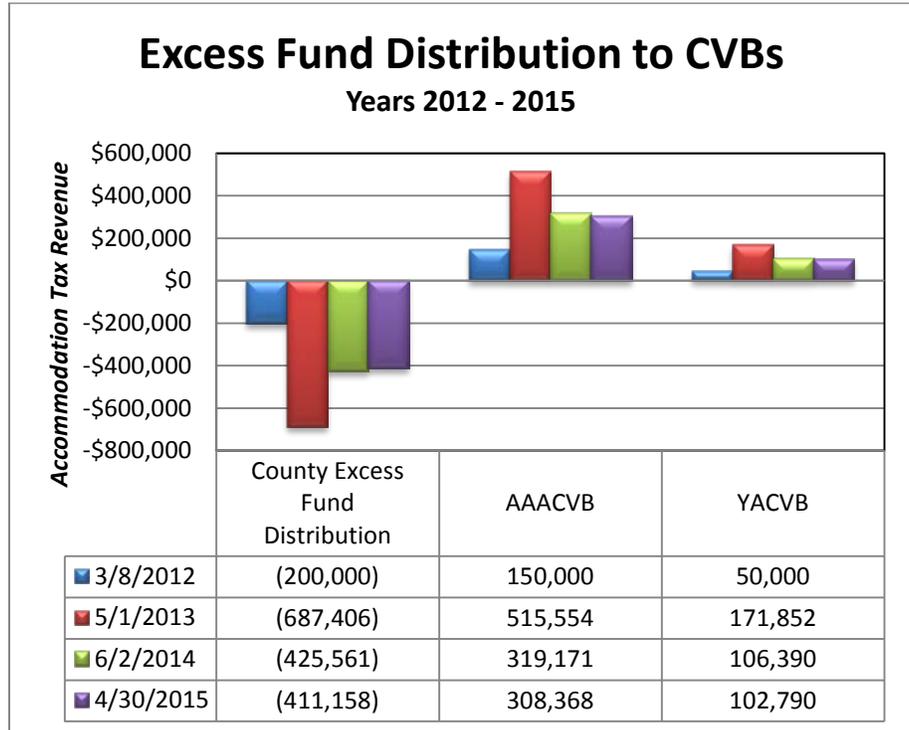
Recent Excise Tax Revenue Timing and History

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

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

In addition, each new calendar year after the annual audit of the previous year and after the Board of Commissioners approved for distribution, the CVBs received an additional amount for their use.

These “Excess Fund Distributions” are depicted in the graph to the right → and were in addition to their regular monthly distributions.



Welcome Letters Sent

Welcome letters were sent to the following providers of accommodations in 2015:

<u>Payment ID</u>	<u>Hotel Name</u>	<u>Reason</u>
1954	Holiday Inn Express - Zeeb Rd	New Construction
1955	Campus Inn/Graduate	New Owner
1956	Residence Inn - W Huron St	New Construction

Facilities Closed

The only closure was the Campus Inn several months after it was sold. In December 2015 the hotel closed for extensive renovations and is expected to reopen in the Spring 2016 as the Graduate Hotel Ann Arbor.

Delinquencies

There were no outstanding delinquencies in 2015 which required enforcement action; only the usual timing of year-end rollovers which are included in the next year’s receipts.

Compliance Reviews

Administration and enforcement responsibilities included periodic compliance reviews of the 41 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

**WASHTENAW COUNTY ACCOMMODATION ORDINANCE
2015 Annual Report from the Chief Financial Officer**

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 ensured the provider is correctly applying the spirit of the Ordinance and the taxes remitted are appropriate.

At the end of 2015, there were three [3] outstanding balances as the result of compliance reviews and included: the Ann Arbor Regent Hotel & Suites, the Bell Tower Hotel, and the Campus Inn. Corporation Counsel worked with Dahlmann Properties for an amicable and fair solution.