



## Washtenaw County Finance Department

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### Washtenaw County Accommodation Ordinance 2016 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 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. The excise taxes charged for each transient guest are utilized to improve the local economy and to promote and encourage tourist and convention business within the County.

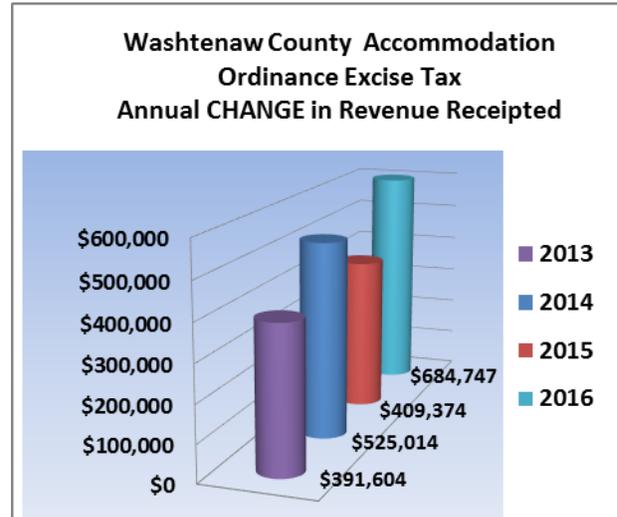
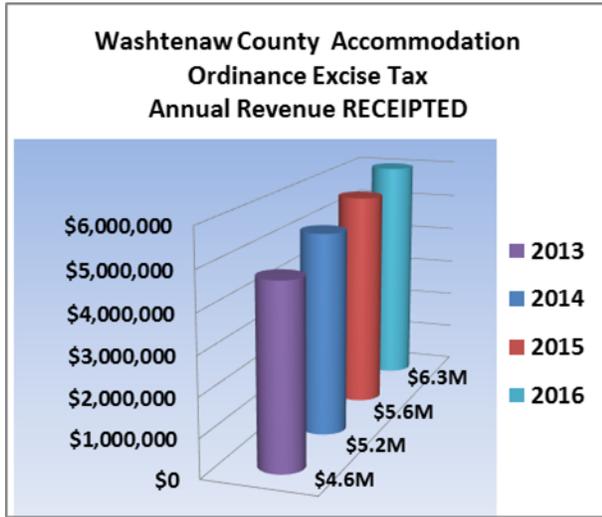
There have been four amendments to the Ordinance since its adoption. The most recent amendment was approved by the BOC on October 7, 2015. Resolution No. 15-0168 adopted a process and parameters for contracting with a single Convention and Visitors Bureau for destination marketing services funded by the Washtenaw County Accommodation Ordinance Excise Tax.

The resolution included nine [9] clauses and primarily addressed, the elimination of the Accommodations Ordinance Committee [AOC] and the transfer of AOC responsibilities to the Economic Development Coordinating Committee [EDCC]. The resolution also allowed the contracts with both the Ann Arbor Area CVB and the Ypsilanti Area CVB to expire and fund one merged CVB, the Washtenaw County Convention and Visitors Bureau [WCCVB].

Throughout the year monthly reports were prepared to reflect the excise tax revenue received, to report delinquencies and enforcement actions, if any, and distributed to the WCCVB. The County retained 10% of the monthly funding received to administer the fund and the remaining 90% was disbursed to the WCCVB.

**Revenues**

The total unaudited accommodations tax revenue collected and received by the Treasurer’s Office for 2016 was \$6,302,497 – An increase from 2015 revenues collected and received of \$684,747 or 12.19%.



**Disbursements**

The unaudited 2016 disbursement of accommodation excise taxes are shown below:

Washtenaw County	10% of total taxes collected Jan - Dec	\$ 630,249.73
Washtenaw County CVB	90% of total taxes collected Jan - Dec	5,672,247.57
<b>Total</b>		<b>\$ 6,302,497.30</b>

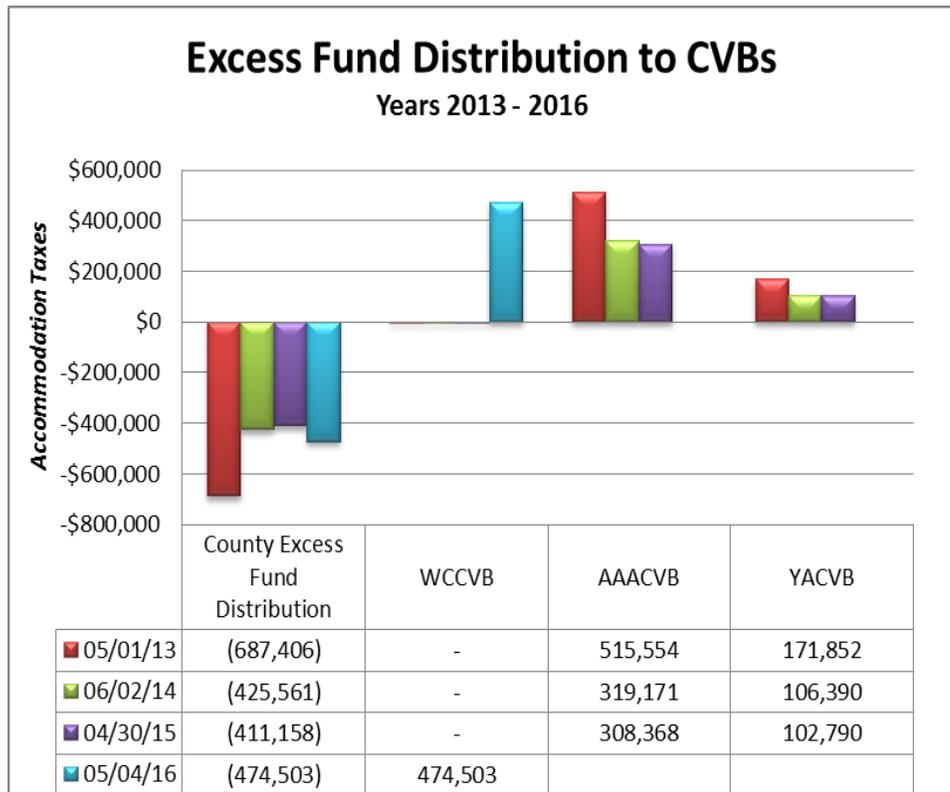
**Recent Excise Tax Revenue Timing and History**

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

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

In addition, each year after the annual audit of the prior year is approved by the Board of Commissioners, 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.



On July 6, 2016 the Washtenaw County Board of Commissioners authorized the payment of \$123,238.77, received from the final closeout of the Ypsilanti Convention and Visitors Bureau, to be transferred to the Washtenaw County Convention and Visitors Bureau.

**Welcome Letters Sent**

Welcome letters were sent to the following providers of accommodations in 2016:

<u>Payment ID</u>	<u>Hotel Name</u>	<u>Reason</u>
1958	Hampton Inn West	New Construction

**Delinquencies**

There were no outstanding delinquencies in 2016 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 42 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 ensured the provider is correctly applying the spirit of the Ordinance and the taxes remitted are appropriate.