



## Washtenaw County Finance Department

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Kelly Belknap, Finance Director

### Washtenaw County Accommodation Ordinance 2013 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.

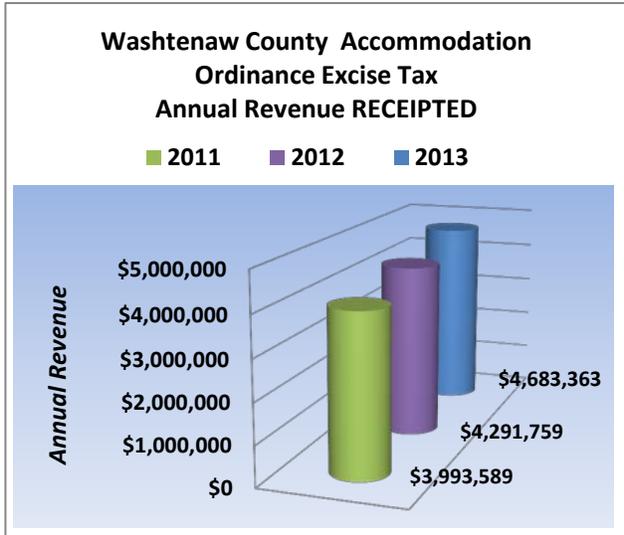
A Second Amendment to the Ordinance provided certain providers of accommodations to be excluded, specifically, bed & breakfasts, cottages, and single-family residences who offered their home on occasion to transient guests for weekend events. This Second Amendment became effective October 1, 2012.

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  
2013 Annual Report from the Finance Director**

**Revenues**

The total unaudited accommodations tax revenue collected and received by the Treasurer’s Office for 2013 was \$ 4,683,363.39 and was an increase of 9.12% and \$391,603.53 from 2012 revenues collected and received.



**Disbursements**

The *unaudited* 2013 disbursement of accommodation excise taxes are shown below:

Washtenaw County	10% of total taxes collected - <i>includes penalty and interest</i>	\$ 468,336.34
Ann Arbor Area CVB	75% of remainder	3,161,270.29
Ypsilanti CVB	25% of remainder	1,053,756.76
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	Total	\$ 4,683,363.39

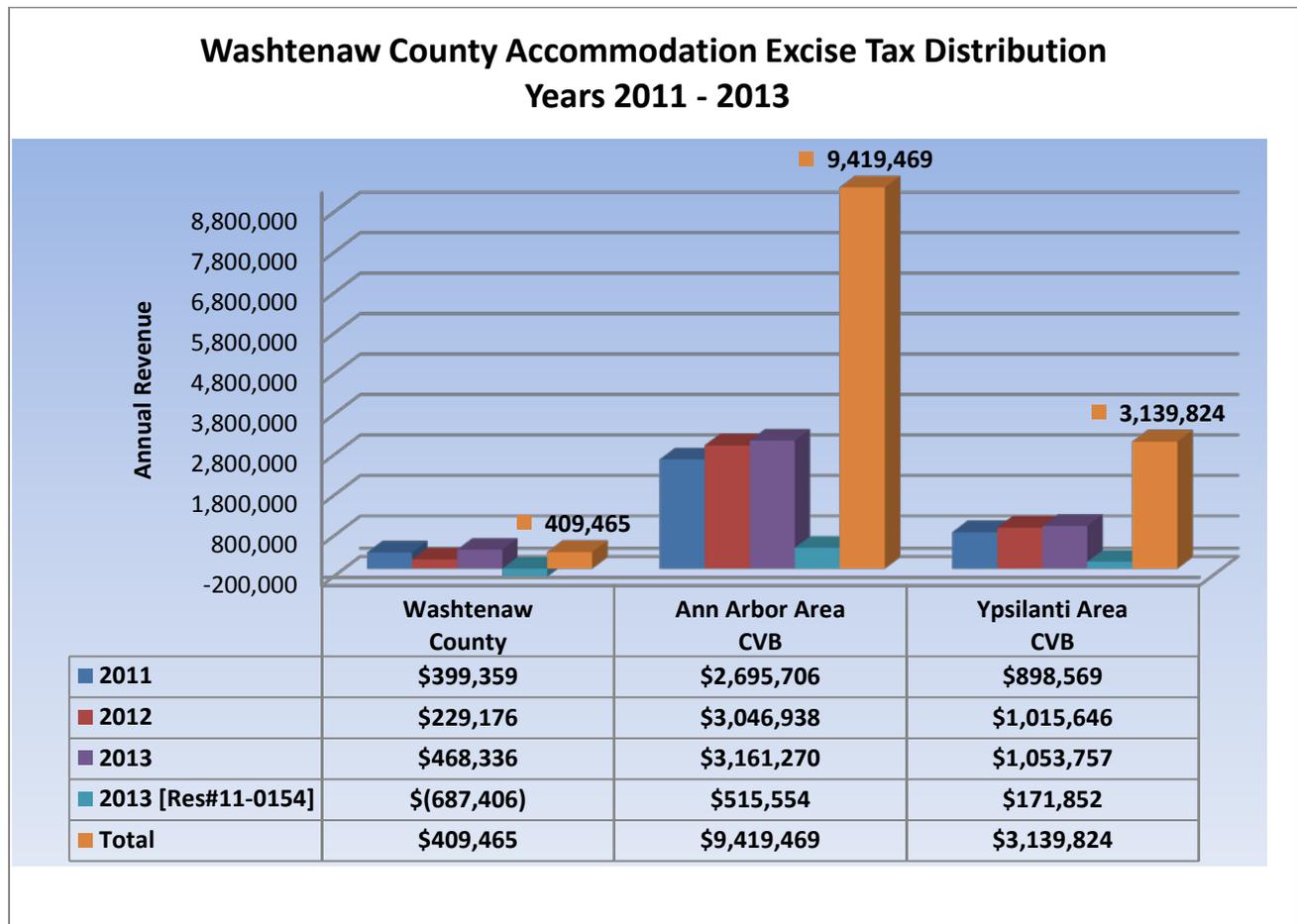
**Recent Excise Tax Revenue History**

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

The 1<sup>st</sup> month hoteliers collect the excise tax from their transient guests. The 2<sup>nd</sup> month hoteliers report to the County their room revenue subject to the excise tax and remit the tax they collected in the 1<sup>st</sup> month. The 3<sup>rd</sup> month, the County distributes 90% of the taxes received into the Treasurer’s office remitted in the 2<sup>nd</sup> 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].

The annual distribution of the Accommodation Tax Revenue over the last three (3) years is highlighted in the graph shown below.



### **Welcome Letters Sent**

Welcome letters were sent to the following providers of accommodations in 2013 primarily due to a change in ownership, and included:

1809 Hampton Inn - South  
1854 Holiday Inn Express - Chelsea

### **Facilities Closed**

No facilities closed in 2013; however, 2013 saw the final resolution of excluding those providers of accommodations who met the amendment criteria and are no longer subject to the excise tax.

### **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 was only one (1) delinquent provider of accommodations which carried over into 2013.

*The History:* enforcement action resulted in a Judgment lien [entered 9/23/2011 in the amount of \$38,381.98 against Hurdy Gurdy Enterprises, LLC, a/k/a Vitosha Guest Haus]. Payments received through 7/15/2013 totaled \$6,323.89 – and the last phone message [9/11/2013] from resident agent, Kei Constantinov, asked forms be sent to her but did not leave a mailing address. The property was sold in July 2013. Corporation Counsel has determined there is no recourse and this will no longer be tracked.

### **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, 32 compliance reviews have been completed and the remaining 7 are in process.