

**CITY OF CHARLOTTESVILLE, VIRGINIA  
CITY COUNCIL AGENDA**



Agenda Date:	December 21, 2020
Action Required:	Approval of Refund of Transient Occupancy Tax Payment
Presenter:	Todd Divers, Commissioner of the Revenue
Staff Contacts:	Jason Vandever, City Treasurer Todd Divers, Commissioner of the Revenue
<b>Title:</b>	<b>Refund of Transient Occupancy Tax to LODGING ENTITY</b>

**Background:**

LODGING ENTITY entered into a contract with a large local educational institution on July 17, 2020 to hold all 122 rooms for COVID-19 quarantine (commencing on July 27, 2020). The contract ran through the end of November 2020.

Per City Code Section 30-252 the City’s Transient Occupancy Tax does not apply to lodging obtained by any person for durations of greater than thirty (30) days. For purposes of local transient occupancy tax a corporate or other legal entity is considered a person per City Code Sec. 1-2.

LODGING ENTITY incorrectly charged the educational institution, and paid over to the City, the transient occupancy tax for the period from July 27, 2020 through August 31, 2020. Upon learning of the error, we instructed the lodging entity to stop billing the educational institution for the transient occupancy tax beginning with the month of September 2020.

The amount of transient occupancy tax that was incorrectly paid over to the City is \$29,865.60. This amount should be refunded to LODGING ENTITY so that they can in turn reimburse the local educational institution.

	<b>Nights</b>	<b>Rooms</b>	<b>Room Rate</b>	<b>Tax Rate</b>	<b>Total</b>
<b>July</b>	5	122	\$ 85.00	0.08	\$ 4,148.00
<b>August</b>	31	122	\$ 85.00	0.08	\$ 25,717.60
					\$ 29,865.60

**Discussion:**

City Code requires Council approval for any tax refunds resulting from an erroneous assessment in excess of \$2,500 (City Code Sec. 30-6b). Unlike in the case of business license refunds, interest is not required to be paid on refunds of local taxes outlined in Chapter 30 of the City Code when the refund is not due to an error on the part of the Commissioner of the Revenue.

Per City Code Sec. 30-6(b), the Commissioner of the Revenue has provided to the City Attorney information necessary to enable her to consent to the determination of the Commissioner of the Revenue that the tax paid by the taxpayer was erroneous and should therefore be refunded.

The refund has therefore been approved for presentment to Council by the City Attorney, Commissioner of the Revenue, and City Treasurer.

**Alignment with City Council's Vision and Strategic Plan:**

n/a

**Budgetary Impact:**

The refund will reduce current year Transient Occupancy Tax revenue (GL 410040) by \$29,865.60.

**Recommendation:**

Approval of the tax refund.

**Alternatives:**

n/a

**Attachments:**

Council Resolution

**RESOLUTION**  
**AUTHORIZING REFUND TO TAXPAYING ENTITY OF TRANSIENT**  
**OCCUPANCY TAXES PAID IN ERROR FOR 2020**

**WHEREAS**, the Commissioner of the Revenue has determined that a local lodging entity incorrectly collected and paid a portion of July 2020 and all of August 2020 transient occupancy tax on lodging receipts that were not subject to the Charlottesville transient occupancy tax ordinance; and

**WHEREAS**, the July 2020 and August 2020 transient occupancy tax were remitted to the City by the local lodging entity on time ; and

**WHEREAS**, the Commissioner of the Revenue has certified that a refund of taxes paid by an entity that entered into a contract with the lodging entity for lodging not subject to the transient occupancy tax is due in the amount of \$29,865.60; and

**WHEREAS**, City Code Section 30-6(b) requires City Council approval for any tax refund exceeding \$2,500.00; now, therefore,

**BE IT RESOLVED** by the Council for the City of Charlottesville, Virginia, that the City Council hereby authorizes the City Treasurer to issue a refund of \$29,865.60, payable to the local lodging entity for the purpose of providing reimbursement to the entity to which it incorrectly charged the transient occupancy tax .