

An Introduction to the Hotel Motel Tax: Fundamentals Your County Should Know

The Hotel Motel Tax is one of the most commonly misunderstood laws in Georgia, leaving most of those trying to interpret its many pages of authorizations and rules, confused and lost. Resulting from the passing and enactment of HB 248 in 1975, the Hotel Motel Tax provided local governments with a new way to raise revenue, while also helping to create what has today become a multi-million-dollar tourism industry. Its original purpose seemed quite clear, but after years of authorization paragraph additions and caveats catered to specific local governments and authorities, the law has become a murky mess.

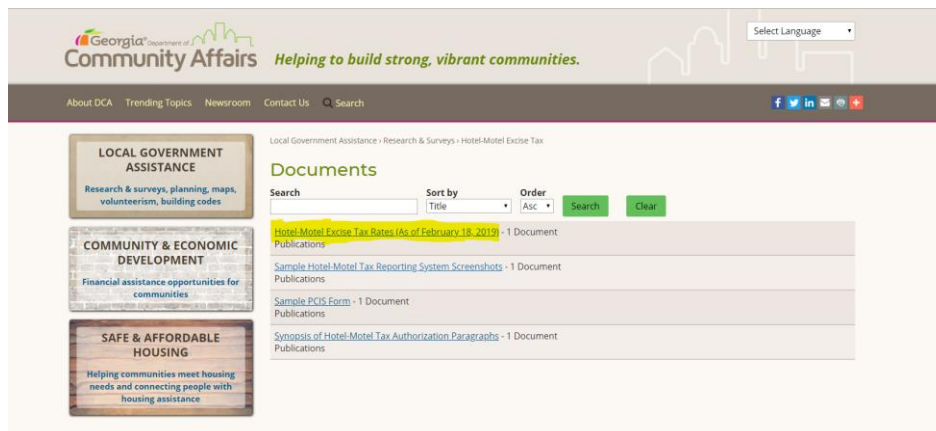
The Role of the Department of Community Affairs

As the tax began to take form, the state decided that an agency needed to have the responsibility to manage and serve as a clearinghouse for all documents, as well as provide an annual financial report to monitor how the tax funds were being utilized. Since the tax is collected and utilized at the local level, and there is no state pass-thru, the Department of Community Affairs (DCA) was chosen to be the record holder for all documents pertaining to this tax, rather than the Department of Revenue. DCA's role is to assist governments with non-legal questions, provide training on the tax, and serve as that clearinghouse for data and documents, as prescribed in the law. The annual Hotel Motel Tax Report is administered by DCA and includes both the revenue and expenditure amounts from the tax. The report is accessible on the DCA Website at: <https://apps.dca.ga.gov/hotelmoteltaxreporting>. Counties have six months after their fiscal year end to submit the online report to DCA. To be considered complaint for DCA's reporting purposes, the county must have completed this report for the last three years.

Another role that DCA coordinates, is the monitoring of expenditure complaints filed against local governments from individuals, groups, or tourism organizations. These complaints can be filed at any time during the year but must be received by June 1 to be considered for action within the current year. DCA staff conduct research on the complaint, and if found to have merit, pass along the findings to the Hotel Motel Tax Performance Review Board (HMTPRB). The HMTPRB's role is to provide an enforcement factor to the law, if it is found that the county government has misused funds. The Board will make a ruling based upon the evidence found and can require the county to act in rectifying whatever improper action was taken.

Identifying Your County's Authorization Paragraph

The simplest way to avoid any issues in using the Hotel Motel Tax for the benefit of the county is to ensure that the correct authorization paragraph is known and being properly administered. This information can be found on the DCA website at <https://www.dca.ga.gov/node/2642/documents/11> and will usually be labeled as "Hotel Motel Excise Tax Rates (As of)". If you are unable to find information about your county or need further information, contact the DCA Office of Research staff for assistance at DCA.Research@dca.ga.gov.



The screenshot shows the Georgia Department of Community Affairs website. The header includes the logo and tagline "Helping to build strong, vibrant communities." Below the header is a navigation bar with links for "About DCA", "Trending Topics", "Newsroom", "Contact Us", and a search icon. A "Select Language" dropdown is visible in the top right. The main content area is titled "Local Government Assistance • Research & Surveys • Hotel-Motel Excise Tax" and features a "Documents" section. This section includes a search bar, "Sort by" (set to Title), and "Order" (set to Asc). A list of documents is displayed, with the first entry highlighted: "Hotel Motel Excise Tax Rates (As of February 18, 2015) - 1 Document Publications". Other entries include "Sample Hotel-Motel Tax Reporting System Screenshots", "Sample PCS Form", and "Synopsis of Hotel-Motel Tax Authorization Paragraphs". On the left side of the page, there are three vertical boxes for "LOCAL GOVERNMENT ASSISTANCE", "COMMUNITY & ECONOMIC DEVELOPMENT", and "SAFE & AFFORDABLE HOUSING", each with a brief description of their services.

Key Information Your County Needs to Know about the Hotel Motel Tax:

Acronyms and Terms

- TCT – Tourism Convention and Trade Shows – This term is used to describe restricted spending that is used for advertising, marketing and publication purposes. These funds cannot be used in the purchase of physical items, or for expenditures that do not assist in the “promotion of tourism”.
- TPD – Tourism Product Development – This term is used to describe physical items or property that can be bought, renovated or expanded, utilizing a defined portion of Hotel Motel Tax restricted dollars. Sometimes these are referred to as “brick and mortar” projects. TPD is ONLY an option under O.C.G.A. §48-13-51(b).
- DMO – Destination Marketing Organization – This term refers to entities defined under IRS code 501(c)(6), such as a chamber of commerce, convention and visitor bureaus, and other business leagues. Restricted funds can ONLY be utilized by these 501(c)(6) entities!

Tax Authorization Rates

The tax authorizations available to local governments around the state, allow from a rate of 1%-3% under authorization O.C.G.A §48-13-51(a)(1), or can range from 5%-8% under one of the other 18 paragraphs currently being utilized. However, many of these other authorizations are uniquely specific to certain local governments, which are in most cases mentioned in the paragraphs themselves. There are two ways authorizations can be established by a county. The first, is through a local ordinance having been passed by the commission and enacted as a local act. The second way that is used to activate O.C.G.A. §48-13-51(b), is through the passage of a local bill through the general assembly. Below, is a little more information about the tax authorizations.

- The base tax authorization is 1-3%, all of which can be retained in the county’s general fund, barring one exception under O.C.G.A. § 48-13-51(a)(1). If at any time a county gives any portion (percentage) of the tax to a DMO for tourism purposes, it must continue to provide that same percentage to a legal tourism entity every proceeding year.
- Including this 3% base tax authorization, counties may charge anywhere from 5%-8%. However, all percentages above this 3% rate must be given fully, except in certain conditions, to a DMO based upon your county’s authorization paragraph.
- In 2008, a major addition/change to the law was implemented which added O.C.G.A. § 48-13-51(b), a 6%-8% tax option. Under this new authorization TPD was introduced, making it legal to use restricted funds for tourism related construction and expansion, as outlined in O.C.G.A. § 48-13-50.2(6). This new authorization requires your county to seek legislative approval from the General Assembly, through the passage of a local Act. Therefore, it is important to plan ahead if your county is considering switching to this authorization in that it will take legislative action by the General Assembly.

There is a lot more to the Hotel Motel Tax than just these brief rules and terms, but hopefully this short overview helped to spur questions about whether your county is properly imposing and reporting on the tax, or whether the tax should be considered as an additional instrument in your county’s revenue toolbox. For further questions about the tax, feel free to contact Eric Lopez at ACCG (404.589.7826), or Dr. Tyler Reinagel at DCA (404.679.4996).