

NEWS RELEASE



**John M. Kennedy, Jr.
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For Immediate Release

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COMPTROLLER'S HOTEL/MOTEL TAX INITIATIVE

On December 16, 2015, at a meeting of the East End Supervisors and Mayors Association, members of Comptroller Kennedy's staff met to discuss the Comptroller's Hotel/Motel tax initiative and to highlight ways in which his office can collaborate with towns and villages in Suffolk County to achieve common goals.

From a recent audit, the Comptroller discovered widespread non-compliance with the hotel and motel tax prompting the creation of the Comptroller's Tax Compliance Unit. The Unit is investigating the lodging industry for establishments that are not registered to collect and remit the tax and/or who may be underreporting their taxable sales.

Suffolk County's Hotel and Motel tax is authorized by Section 1202-o of the New York State Tax Law and is codified in Section 523 of the Laws of Suffolk County. It originated in 1992 at the rate of .75% and was increased in 2010 to 3%. The tax is imposed on the cost of any occupancy rental in Suffolk County less than 30 days in duration as over 30 days is considered a residency and not taxable. The law requires that proprietors/owners of lodging establishments register with the County to obtain a certificate of authority which must be prominently posted in their place of business and to collect and remit the 3% tax to Suffolk County on a quarterly basis.

The Comptroller stresses that many problems arise from non-compliance with established laws. For instance, the Hotel/Motel law includes a provision that lodging establishments must maintain a rental registry at all times so emergency personnel can know how many people are at a property in case of an emergency situation – lack of compliance with this can cause serious safety issues.

This past summer, east end towns experienced heightened problems with traffic, over-crowding and rowdiness from seasonal tourists that negatively affected the quality of life of residents and caused towns and villages to consider establishing or revising their rental laws. Comptroller Kennedy's efforts at bringing businesses into compliance with various laws will greatly help in this regard and he vows to collaborate with towns and villages in their efforts.

Currently, there are approximately 350 registered lodging establishments in Suffolk County that are remitting hotel/motel tax, resulting in almost 10 million dollars in revenue for 2015. These revenues are earmarked exclusively for the promotion of tourism in Suffolk County, to support cultural events and to aid in the preservation of historical sites. This revenue helps keep our County beautiful and desirable as a destination location which ultimately enables the County's tourism industry to grow and thrive.

Establishments that have been in compliance with the law are mostly hotels, motels and Bed & Breakfasts. But that is not all that is operating in Suffolk County. Online reservation platforms which have become popular, such as Airbnb, VRBO and Home Away, claim to have over 3,500 lodging establishments in Suffolk County advertising and conducting reservations through their company. These are tourist homes, guest houses, cottages and bungalows. Anyone can go on line and view these establishments which are listed by region and town, complete with pictures, contact information and rental rate information. These are business that should be collecting and remitting the Hotel/Motel tax and for the most part, are **not**! This is the target population of the Unit's efforts.

Since beginning this initiative in August, the Tax Compliance Unit has opened over 40 cases and has assessed taxes, penalties and interest due of approximately \$250,000; \$60,000 of which has been collected to date. This work was done with limited staff and represents revenue that would have been otherwise lost to the County. Early in the New Year, Comptroller Kennedy will foll out an aggressive public information campaign to educate lodging businesses of their obligations under the law.

For more information please call Nerina Sperl, Investigative Auditor at 853.4456. To anonymously report fraud or abuse, call the Comptroller's Hotline at 853-5018.

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