

Hudson's New Lodging Tax

Frequently Asked Questions

Why did Hudson enact a Lodging Tax?

The city of Hudson and its residents will see a number of benefits by the implementation of a lodging tax, including:

- Identifying a new revenue stream for the city that is not dependent on property owners and their tenants, yet provides additional funds for services and programs that benefit all residents
- Ensuring that all providers of short-term lodging, including hotels, motels, bed & breakfasts, and other short-term residential rentals, are taxed equally so that everyone competes on a level playing field
- Recognizing the importance of tourism to the city's economy and culture, and to promote the city as a destination to drive more business to local shops, restaurants, and galleries
- Allowing property owners the ability to offer short-term rentals as a means of earning extra income

When does the lodging tax go into effect?

The lodging tax goes into effect on JUNE 1, 2017.

Who is required to collect and remit lodging tax?

Almost all providers of short-term (i.e., not more than 29 consecutive days) lodging, including hotels, motels, bed & breakfasts, and short-term residential rentals such as those offered for rent on websites like Airbnb, VRBO and the like.

The one exception must meet these four criteria: a short-term rental of (a) a single room (that may have an en suite bath), (b) in the property owner's sole residence in Hudson, (c) which is the property owner's primary residence, and (d) where access to and from the room is through the host's residence using the same entrance that the host uses to enter and exit their residence. These hosts still must register annually.

How does the lodging tax work?

There are 4 steps for a short-term lodging provider to comply with the lodging tax:

- Register as a short-term lodging provider (STLP) with the City Treasury
- Receive and display a Certificate of Authority for each address that offers short-term lodging
- State and charge the lodging tax on each room's bill or statement, and collect the tax from the lodgers
- File a quarterly lodging tax return with the City Treasury and remit payment

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How much is the lodging tax?

The lodging tax is four percent (4%) per day of the total charges for any room used for short-term lodging. Charges include the rent or day rate charged plus any related fees including but not limited to cleaning fees, linen fees, key fees and the like.

How should I notify renters of the lodging tax?

Where possible, separately state and charge the lodging tax on each room's bill or statement.

If the tax is included in the room rate, the host must include this information at the top of all rental listings' descriptions (online or otherwise) and must visibly display a placard or sign stating that the room rate includes a 4% Lodging Tax. In addition, the guest must be notified in writing that the tax is being collected and remitted.

All providers must maintain records that indicate the separate rent and tax amounts for every occupancy.

I have reservations for dates after June 1 and the renter has already paid me or the hosting site. What do I do?

Section 275-24 of the local law specifically says that "the tax imposed by this local law shall be paid upon any occupancy on or after June 1, 2017, although such occupancy is pursuant to a prior contract, lease or other arrangement. Where rent is paid on a weekly or other term basis, the rent shall be subject to the tax imposed by this local law to the extent it covers any period on or after June 1, 2017."

In other words, lodging providers will need to collect the tax from the customer or pay the tax themselves.

You can chose to (1) absorb the cost of the tax for any prebooked reservations, (2) notify renters of the new tax and ask for a voluntary payment, or (3) require the renter to remit the tax payment or lose their reservation.

When do I have to register?

From June 2017 through February 2018 you must register as follows:

- If you are currently providing short-term lodging, you must register within twenty (20) days after the lodging tax goes into effect (i.e., by June 20, 2017).
- If you are a new STLP, or are a current STLP adding additional rooms or properties, you must register within three (3) days after offering short-term lodging.

Beginning in March 2018, the annual registration form will be due between March 1 and March 31 of each year.

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How do I register?

You can download a registration form from the city's website: www.cityofhudson.org. The form should be filled out and returned to the Office of the City Treasurer, along with the registration fee. Registration is ANNUAL.

Beginning March 2018, the annual registration form will be due between March 1 and March 31 of each year.

You must register even if you are not required to collect and remit the lodging tax.

Is there a registration fee?

Yes, the annual application fee is \$45 per address plus \$15 per room offered for short-term lodging. The fee for a first-time registration of any new room or property will be prorated from the time of application to March 1.

What information will I be asked to provide during registration?

You will be asked to provide information on the STLP, the property owner, the property or properties, and rooms & rates, such as:

- STLP name; corporate or LLC entity name if applicable; EIN or SS number; mailing address; phone number; email address
- Property owner name; corporate or LLC entity name if applicable; mailing address; phone number; email address
- Property information including street address of each distinct address where the STLP offers short term lodging; the number and locations of rooms available for short-term lodging
- Maximum and minimum gross nightly room rates

What if I rent or lease the property in which I offer short-term lodging?

Your registration does not override any lease agreements, or any other agreement, law, or regulations that prohibit subletting or use of your unit as a short-term residential rental. The city of Hudson strongly recommends that you review your lease before submitting a registration.

What happens once I register?

You will receive a Short-Term Lodging Certificate of Authority, which contains your assigned Registration Number. Whenever possible, this registration number should be included at the top of all short-term rental listings' descriptions (online or otherwise). The Certificate must be posted in plain view within your related property.

What can I do once I have my Short-Term Lodging Certificate of Authority?

Once you have received your Certificate of Authority, you may offer short-term rentals at your registered property.

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You may advertise your residential unit on any and all hosting platforms under the condition that wherever possible, you list your registration number at the top of all listings' descriptions.

You can charge and collect lodging tax.

What can't I do once I have my Short-Term Lodging Certificate of Authority?

You may not rent illegal residential units or unpermitted spaces associated with your property.

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When do I file my lodging tax return?

The lodging tax return is filed quarterly and follows the same schedule as NYS sales tax. Lodging tax returns will be able to be filed online. Filing periods and due dates are as follows:

<u>LODGING TAX COLLECTION PERIOD</u>	<u>FILING DUE DATE</u>
December - February	March 31
March - May	June 30
June - August	September 30
September - November	December 31

What other information do I need to file my lodging tax return?

If you are a NYS sales tax vendor, you must attach a copy of your same-period NYS sales tax return with your lodging tax return. If you are not a NYS sales tax vendor, you are required to maintain business records sufficient to have enabled you to file a NYS sales tax return as if you were a NYS sales tax vendor.

How long to I have to keep my records?

All records must be kept for a minimum of three (3) years.

What will the city do with the lodging tax revenue it collects?

The lodging tax revenue is earmarked for three disbursements:

- First, to cover expenses incurred by the city to administer and enforce the lodging tax
- Second, to set aside funds used to promote the city of Hudson as a destination for overnight and daytrip visitors, via the establishment of a Tourism Board charged with that responsibility
- Third, to contribute the remaining balance to the General Fund, available for any municipal purpose

What happens if I offer short-term lodging and do not register, or do not comply with other aspects of the lodging tax law?

The lodging tax law provides for fines and other penalties related to a STLP’s non-compliance.

<u>NON-COMPLIANCE ACT</u>	<u>FINES, PENALTIES & INTEREST</u>
Failure to file an annual registration	A fine equal to the greater of: (a) all revenue derived by the STLP, or (b) \$3,000 per quarter,

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	while operating without a valid registration
Failure to file returns and/or remit payment when due	A penalty equal to 5% of the amount of tax due, plus 1% interest for each subsequent month that the filing and/or payment is delayed
Failure to conspicuously post a valid Certificate of Authority	A fine of not less than \$100 nor more than \$250 per day
Comply with a demand for records	A fine of not less than \$100 nor more than \$250 per day

What if I still have questions?

Just give us a call at 518-828-0212, stop by the City Treasurer's office at 520 Warren Street, or contact us at LodgingTaxInfo@cityofhudson.org. We're happy to answer any questions you may have.