

Frequently Asked Questions

Hotel Occupancy Tax (HOT)

The City of El Paso has audited and monitored Hotel Occupancy Tax compliance for more than 10 years as part of its regular financial oversight. Quarterly delinquency reports are included in City Council agendas to promote transparency and provide an update on ongoing collection efforts. These reports reflect a routine, established process to identify, track, and collect funds owed to the City.

To address common questions and misconceptions, the City is providing frequently asked questions and answers below:

- **What is the Hotel Occupancy Tax (HOT)?**
The Hotel Occupancy Tax is a tax paid by guests who stay in hotels and similar lodging establishments for fewer than 30 consecutive days. The tax is paid by the guest, collected by the hotel, and remitted to the appropriate taxing authorities. This tax is not a property tax.
- **Is the City of El Paso collecting Hotel Occupancy Tax?**
Yes. The City of El Paso consistently collects Hotel Occupancy Tax every year. The quarterly delinquency report reflects the City's ongoing monitoring and compliance process. It does not indicate that the City is failing to collect HOT.
- **Why does the City publish a quarterly delinquent HOT report?**
The City publishes this report to promote transparency and to show that it is actively identifying, tracking, and pursuing collection of Hotel Occupancy Tax amounts owed.
- **Does the delinquent report mean hotels are not paying their taxes?**
No. The report reflects accounts at different stages of review, collection, or legal resolution. Many cases are identified through audits and are actively being worked through established processes.
- **How does the City monitor Hotel Occupancy Tax compliance?**
Hotels self-report and remit their Hotel Occupancy Tax payments. To ensure accuracy and compliance, the City conducts routine audits of hotels on a rotating basis. This audit process has been in place for more than a decade and is a standard internal control practice.
- **Are these audits and reports new?**
No. The City has conducted Hotel Occupancy Tax audits and published related reporting for more than 10 years as part of routine financial oversight.
- **What is the role of Internal Audit in the HOT process?**
Internal Audit serves as a key control function in the HOT process by identifying hotels for audit and validating the quality of consultant audit work. This role helps safeguard revenue integrity and compliance with HOT tax requirements.
- **Does an audit mean a hotel did something wrong?**
Not necessarily. Audits can identify reporting or calculation errors, incomplete documentation, timing issues related to ownership or management changes, or overpayments. Audits are intended to correct errors and confirm compliance.

- **Are audit results the same as the delinquency report?**
 No. Audits identify potential issues through review. The delinquency report reflects the current status of accounts, including those being worked through collection, legal review, or resolution.
- **What happens when an audit identifies an amount owed?**
 When an amount owed is identified, the Office of the Comptroller contacts the hotel to resolve the issue. Time is allowed for response, documentation, or re-audit requests. If unresolved, the account may be referred for external collection or legal action. This step-by-step approach ensures consistency and due process.
- **Why do some accounts remain on the delinquent list for several months?**
 Some cases involve re-audits, ownership changes, or legal review. Others require formal collection or litigation, which must follow established legal timelines. The length of time depends on the circumstances of each case.
- **Does interest accrue on unpaid Hotel Occupancy Tax?**
 Yes. Interest continues to accrue on unpaid balances until the issue is resolved. In addition to interest, penalties may apply depending on the circumstances and applicable tax rules.
- **Is it unusual for some hotels to be delinquent?**
 No. Some level of non-payment or underpayment exists in all tax systems due to closures, ownership changes, reporting errors, or disputes. The City's audit and collection process exists to identify and address these situations.
- **What happens if a hotel closes while owing Hotel Occupancy Tax?**
 The City continues to pursue collection through available legal and administrative remedies, depending on the circumstances of the business and ownership structure.
- **Can the City take legal action to collect unpaid HOT?**
 Yes. When necessary, the City may refer accounts for legal collection. Legal action follows established procedures and timelines.
- **Can unpaid HOT result in a hotel being shut down?**
 Any enforcement actions must follow due legal process. Courts have authority to order remedies when taxes remain unpaid, but this is not immediate and occurs only after legal review.
- **Does the City do business with hotels that are delinquent on HOT?**
 No. The City does not conduct business with hotels that are delinquent on their Hotel Occupancy Tax obligations.
- **What does the hotel occupancy tax charged to guests consist of?**
 The total hotel occupancy tax paid by a guest includes a state portion and local portions authorized under Texas law. The combined rate applied to a hotel stay reflects these required components.
- **How is Hotel Occupancy Tax revenue used?**
 By law, local Hotel Occupancy Tax revenue must be used for tourism- and convention-related purposes, such as promoting travel, supporting visitor facilities, and related activities.