

## Legislation Text

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Presenter/Contact

*Martie Simpson, Director of Finance*  
(830) 221-4385 - [msimpson@nbtexas.org](mailto:msimpson@nbtexas.org)

**SUBJECT:**

Approval of a contract with The Resource Professional Group for hotel/motel tax collection services.

**BACKGROUND / RATIONALE:**

The city collects and reconciles hotel/motel tax revenue using internal staff. In an effort to enhance and more effectively manage this revenue, staff researched and reviewed the administrative services provided by the Resource Professional Group. The city is requesting to contract for the “Local Hotel Occupancy Tax Revenue Maintenance Program” with this company.

The Resource Professional Group is knowledgeable and experienced in multiple lines of tax and fee services accomplished in revenue discovery such as: lodging tax, occupation tax, alcohol tax, sales tax, etc. The program will relieve the City of certain laborious administrative workload associated with the collection and reconciliation of Hotel Occupancy Tax, while developing and maintaining a compliance of collections. They are different from a standard simple tax administration service in that it uses an electronic system to process lodging tax remittances that will aggregate the funds collected for the City. The electronic system will combine registration, information on relevant state statutes and a real-time reporting analysis of lodging tax and market area info. The system is user friendly for the hotel operators as well as internal staff. It will deposit remittances directly into the City’s depository bank as opposed to being physically handled by city staff. The system also reconciles charges, send notices and provide reporting.

The Resource Group will also review the City’s local ordinances regarding occupancy tax collection; report specific recommendations and provide model ordinances. They will conduct field audits as necessary and annual reporting reflecting and projecting revenue trends. The Resource Group will assist all operators in transitioning from the current payment submission process to the electronic system

This is an annual contract renewable each year. The electronic system qualifies as a sole source. Services will be provided at an annual fixed fee equal to one percent (1%) of the aggregate Hotel Occupancy Tax revenue generated in the preceding fiscal year by lodging providers.

**ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:**

Yes	<b>Strategic Priorities:</b>	Maintain fiscal stability of City operations and Maintain ongoing program to provide exemplary customer service.
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**FISCAL IMPACT:**

As mentioned above, the cost of the collection services will be equal to one percent of the aggregate total taxes collected. Based on current collections, that would equal approximately \$40,000 annually. For FY 2016-17, the fee will be prorated based on when the implementation of the new system begins. Staff is confident this cost can be absorbed into the existing operating allocation. Therefore, sufficient funds are available to award the contract as described above. The FY 2017-18 Budget will factor in the full cost of this new expenditure.

**COMMITTEE RECOMMENDATION:**

N/A

**STAFF RECOMMENDATION:**

Staff recommends approval of a contract with The Resource Professional Group for hotel/motel tax collection services.