



HOTEL ASSOCIATION OF NEW YORK CITY, INC.

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TO: General Managers – Member Hotels

FROM: Joseph E. Spinnato

DATE: December 20, 2013

SUBJECT: VERY IMPORTANT UPDATE NOTICE FROM THE GENERAL COUNSEL OF THE HOTEL ASSOCIATION OF NEW YORK CITY REGARDING OCCUPANCY TAX

The following is a very important email which has been prepared by our General Counsel, Banks Brown, Esq., of McDermott Will & Emery LLP for distribution to all Hotel Association of New York City Member Hotels:

Following immediately below is a copy of the last update on this issue, for your reference. That update was sent to you on December 12th and it states in part:

“The Mayor’s office has now put forward a new bill which we have every reason to believe will be enacted by the City Council on December 19, 2013 and which the Mayor will thereafter sign. We understand that the bill has the full support of the City Council.

Under the new bill, the 5.875% Occupancy Tax Rate will be reinstated on *December 20, 2013* but will *not be retroactive* to any date earlier than December 20, 2013.”

PLEASE NOTE THAT THE BILL REFERRED TO ABOVE WAS PASSED BY THE CITY COUNCIL LATE YESTERDAY, DECEMBER 19th.

COPY OF THE DECEMBER 12th UPDATE FROM THE HOTEL ASSOCIATION OF NEW YORK CITY REGARDING OCCUPANCY TAX FOR YOUR REFERENCE

We notified you on December 4, 2013 that, as of December 1, 2013, the New York City Occupancy Tax automatically and by operation of law was reduced from 5.875% to 5%.

We also notified you that the Mayor's office had put forward a bill which, if enacted, would have reinstate the tax to 5.875% *retroactively to December 1, 2013*.

The Mayor's office has now put forward a new bill which we have every reason to believe will be enacted by the City Council on December 19, 2013 and which the Mayor will thereafter sign. We understand that the bill has the full support of the City Council.

Under the new bill, the 5.875% Occupancy Tax Rate will be reinstated on *December 20, 2013* but will *not be retroactive* to any date earlier than December 20, 2013.

As a result, the amount of tax due from December 1, 2013 to December 19, 2013 is:

If the rent for the room was...	The tax is...
\$10 or more, but less than \$20	50 cents per day per room + 5% of the rent
\$20 or more, but less than \$30	\$1.00 per day per room + 5% of the rent
\$30 or more, but less than \$40	\$1.50 per day per room + 5% of the rent
\$40 or more	\$2.00 per day per room* + 5% of the rent

On December 20, 2013 and thereafter, the amount of tax due will be:

If the rent for the room was...	The tax was...
\$10 or more, but less than \$20	50 cents per day per room + 5.875% of the rent
\$20 or more, but less than \$30	\$1.00 per day per room + 5.875% of the rent
\$30 or more, but less than \$40	\$1.50 per day per room + 5.875% of the rent
\$40 or more	\$2.00 per day per room* + 5.875% of the rent

The text of the proposed bill is as follows:

Preconsidered Int. No.

By Council Member Recchia (by Request of the Mayor)

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to extending the rate of the additional tax on the occupancy of hotel rooms.

Be it enacted by the Council as follows:

Section 1. Paragraph 3 of subdivision a of section 11-2502 of the administrative code of the city of New York, as amended by local law number 67 for the year 2011, is amended to read as follows:

(3) In addition to the tax imposed by paragraph two of this subdivision, there is hereby imposed and there shall be paid a tax for every occupancy of each room in a hotel in the city of New York (A) at the rate of five percent of the rent or charge per day for each such room up to and including August thirty-first, nineteen hundred ninety, (B) at the rate of six percent of the rent or charge per day for each such room on and after September first, nineteen hundred ninety and before December first, nineteen hundred ninety-four, (C) at the rate of five percent of the rent or charge per day for each such room on and after December first, nineteen hundred ninety-four and before March first, two thousand nine, (D) at the rate of five and seven-eighths percent of the rent or charge per day for each such room on and after March first, two thousand nine and before December first, two thousand thirteen, [and] (E) at the rate of five percent of the rent or charge per day for each such room on and after December first, two thousand thirteen and before December twentieth, two thousand thirteen, (F) at the rate of five and seven-eighths percent of the rent or charge per day for each such room on and after December twentieth, two thousand

thirteen and before December first, two thousand fifteen, and (G) at the rate of five percent of the rent or charge per day for each such room on and after December first, two thousand fifteen.

§ 2. This local law shall take effect immediately and, if it shall have become a law after December 20, 2013, shall be retroactive to and deemed to have been in full force and effect as of December 20, 2013.

Rgrds,
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