

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 10/28/2014	(3) CONTACT/PHONE Kerry Bailey, 788-2979	
(4) SUBJECT Report of the Annual Fiscal and Compliance Review of establishments subject to the County Transient Occupancy Tax Ordinance and San Luis Obispo County Tourism Business Improvement District Assessment for calendar year 2013. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board receive the item and file.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>8/27/2013</u>	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: James P. Erb, CPA, Auditor-Controller-Treasurer-Tax Collector

DATE: 10/28/2014

SUBJECT: Submittal of a report of the Annual Fiscal and Compliance Review of establishments subject to the County Transient Occupancy Tax Ordinance and San Luis Obispo County Tourism Business Improvement District Assessment for calendar year 2013. All Districts.

RECOMMENDATION

It is recommended that the Board receive the item and file.

DISCUSSION

Section 7280 of the California Revenue and Taxation Code authorizes the County to levy a Transient Occupancy Tax (TOT) on transients lodging in the unincorporated area for 30 days or less. The Property and Business Improvement District Law of 1994 authorizes the levy of assessments upon businesses that benefit from Business and Improvement Districts. The County ordinance providing for the establishment of the San Luis Obispo County Tourism Business Improvement District (SLOCTBID) and the assessment of a fee for all lodging establishments within the boundaries of the district became effective July 1, 2009. The purpose of the assessment is to promote tourism within the district. The ordinance is subject to an annual review and the funds collected are distributed on behalf of the SLOCTBID Advisory Board.

Currently the County collects a 9% TOT from 1001 establishments throughout the unincorporated area and an additional 2% SLOCTBID assessment from 805 establishments located within the district.

The purpose of our review was to determine the accuracy of the TOT and SLOCTBID assessments remitted to the County and verify that the tax and assessments were calculated in accordance with Chapters 3.08 and 3.09 of the San Luis Obispo County Code. In addition, we verified the existence and posting of registration certificates and business licenses.

OTHER AGENCY INVOLVEMENT/IMPACT

Separate reports on each audited establishment were issued to the Treasurer-Tax Collector Division Manager as fieldwork was conducted. The Auditor-Controller-Treasurer-Tax Collector is responsible for the administration of the TOT and SLOCTBID ordinances and the enforcement of all audit findings and recommendations.

FINANCIAL CONSIDERATIONS

The County collected \$7,446,814 in TOT and \$1,571,984 in SLOCTBID assessments during calendar year 2013.

RESULTS

We reviewed seventeen establishments. Due to reporting issues discovered during fieldwork, we expanded our scope to include calendar year 2012 at two establishments. Overall, we identified \$9,380 in TOT, SLOCTBID, penalties, and interest due to the County. We have attached our report and Summary of Monetary Audit Findings with details by establishment. We also found the establishments to be generally in compliance with obtaining and posting the required

certificates and licenses.

Annual fiscal and compliance reviews of TOT and SLOCTBID assessments are one of the tools used to monitor receipts of tax and assessments in the unincorporated area. Annual tax and assessment monitoring activities help maintain reporting accountability and contribute to the County's vision of a prosperous and well governed community.

ATTACHMENTS

1. TOT Master Report CY 2013