

RESOLUTION NO. 4982

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE AUTHORIZING THE ADMINISTRATIVE SERVICES DIRECTOR TO WAIVE LATE PAYMENT PENALTIES AND INTEREST FOR DELINQUENT TRANSIENT OCCUPANCY TAX RECEIVED FOR STAYS DURING MARCH, APRIL AND MAY 2020 AND EXTENDING THE PAYMENT DEADLINE UNTIL AUGUST 31, 2020

WHEREAS, a local emergency relating to the COVID-19 pandemic has been declared in the City of Arroyo Grande; and

WHEREAS, the Centers for Disease Control and Prevention, the California Department of Health, and San Luis Obispo County have all issued shelter in place orders to enforce social distancing, prohibited group events, and taken other precautions to protect public health and prevent transmission of this highly communicable virus; and

WHEREAS, the effects of the various orders and actions needed to slow the spread of COVID-19 have resulted in significant economic effects on lodging businesses in the City, and hotel and motel room reservations have dramatically decreased; and

WHEREAS, hotels, motels, and other lodging businesses in the City provide not only a place for visitors to stay while in the City, but also generate additional revenue in the form of increased sales tax dollars from visitors' purchases at local stores and restaurants; and

WHEREAS, if hotels, motels, and other lodging businesses in the City were forced to close permanently as a result of the decrease in room reservations, there will be at minimum a significant delay in such businesses reopening, and there may be a permanent reduction in the number of hotel rooms in the City, resulting in reductions in City revenue and the elimination of an essential amenity for visitors to the City; and

WHEREAS, hotels, motels, and other lodging businesses in the City are subject to Chapter 3.24 of the Arroyo Grande Municipal Code, which requires those businesses to collect from their guests a 10% occupancy tax, referred to as the transient occupancy tax, which then must be remitted to the City; and

WHEREAS, Arroyo Grande Municipal Code Section 3.24.080 provides that "Any operator who shall fail to remit any tax imposed by the provisions of this chapter within the time required shall pay a penalty in the amount of ten (10) percent of the tax in addition to the amount of the tax"; and

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WHEREAS, the City Council wishes to temporarily waive penalties and interest for late payment of currently due transient occupancy taxes due to the COVID-19 pandemic that is acutely and disproportionately impacting the local lodging and hotel industry.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Arroyo Grande as follows:

1. The recitals set forth herein are true, correct and incorporated herein.
2. The Administrative Services Director is authorized to waive late payment penalties and interest imposed by Chapter 3.24 of the Arroyo Grande Municipal Code for Transient Occupancy Tax (TOT) revenues received by lodging establishments for March 2020, April 2020, and May 2020 transient occupancy lodging services and to extend the payment deadline until August 31, 2020.
3. In order to qualify for the waiver of late payment penalties and interest for March, April, and May TOT, lodging businesses must:
 - a. File their March, April, and May TOT returns based on standard deadlines. Payment of TOT will be due August 31, 2020; and
 - b. March, April, and May filings must include payment of the Tourism Management District and Tourism Business Improvement District assessments.
4. Nothing herein shall relieve any person or entity of its obligation to pay and to remit to the City amounts otherwise due pursuant to Chapter 3.24 and any late payment penalties and interest that otherwise would have become due for failure or refusal to pay amounts due for March, April, and May 2020 shall be assessed and shall become due and payable to the City if the referenced TOT payments due to the City have not been made in full by August 31, 2020.

On motion by Council Member Storton, seconded by Council Member Paulding, and on the following roll call vote, to wit:

AYES: Council Members Storton, Paulding, George, Barneich, and Mayor Ray Russom

NOES: None

ABSENT: None

The foregoing Resolution was passed and adopted this 14th day of April, 2020.

CAREN RAY RUSSOM, MAYOR

ATTEST:

KELLY WETMORE, CITY CLERK

APPROVED AS TO CONTENT:

JAMES A. BERGMAN, CITY MANAGER

APPROVED AS TO FORM:

TIMOTHY J. CARMEL, CITY ATTORNEY