



LAURA DOUD

# Summary Report on Transient Occupancy Tax Audits

2012-2015



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# Executive Summary

Under Chapter 3.64 of the Long Beach Municipal Code (Code), the Transient Occupancy Tax (TOT) is levied on individuals who occupy a hotel/motel room within the City of Long Beach for a period of 30 days or less. The tax is collected by the hotels/motels and remitted to the City monthly. Beginning in 2006, the City Auditor’s Office (CAO) began contracting with an outside firm to conduct TOT audits to ensure that TOT taxes were properly remitted. In addition to verification of tax payments, these audits educate hotel/motel operators on compliance with the City’s TOT ordinance.

From 2012 to 2015, the TOT tax rate was 12%. TOT taxes collected on hotel/motels are allocated between the General Fund and the City’s Special Advertising and Promotions Fund. Table 1 represents TOT revenues remitted to the City from calendar year (CY) 2012 to 2015.

**Table 1**  
**Transient Occupancy Tax Revenue**  
**CY 2012-2015**

Year(CY)	General Fund	Special Advertising & Promotions Fund	Total
2012	\$ 12,967,366	\$ 5,224,699	\$ 18,192,065
2013	\$ 13,100,951	\$ 5,536,874	\$ 18,637,825
2014	\$ 15,516,842	\$ 6,602,410	\$ 22,119,252
2015	\$ 17,271,655	\$ 6,955,440	\$ 24,227,095
<b>Total</b>	<b>\$ 58,856,814</b>	<b>\$ 24,319,423</b>	<b>\$ 83,176,237</b>

We audited 107 hotels/motels for compliance with the TOT ordinance between CY 2012 and 2015. The results of these audits are shown in Table 2 below. The “tax assessed” column represents the total amount of revenue identified that was underpaid by the hotel/motel operator as indicated in these audits. The CAO provided tax assessments that resulted from the audits to the Department of Financial Management’s Business License Division (BL) who is responsible for collection of TOT. BL maintains records of TOT accounts which includes payment history and account balances. The CAO did not perform test work on BL’s TOT records, but reviewed the TOT accounts for proof of tax assessments paid. This information was confirmed by BL staff and is reflected in the “amount collected” column in Table 2.

**Table 2**  
**Audit Findings from TOT Audits**  
**CY 2012-2015**

Year (CY)	Number of Hotels Audited *	Tax Assessed	Amount Collected	Balance Due
<b>2012</b>	45	\$ 9,826	\$ 9,826	\$ -
<b>2013</b>	46	\$ 43,729	\$ 4,354	\$ 39,375
<b>2014</b>	59	\$ 14,802	\$ 8,962	\$ 5,840
<b>2015</b>	58	\$ 12,848	\$ 12,700	\$ 148
<b>Total</b>	<b>208</b>	<b>\$ 81,205</b>	<b>\$ 35,842</b>	<b>\$ 45,363</b>

\* This column represents the number of hotels/motels selected for audit each year. Hotels/motels were audited at least twice over the audit period, with the largest 10 hotels subject to audit every year. As such, 107 unique hotels were audited between 2012-2015, with a total of 208 audits completed.

# Results of Calendar Year 2012 – 2015 TOT Audits

Tables 3 through 7 show audit findings by hotel/motel for calendars years 2012 through 2015. A hotel/motel with no audit assessment was found to be in compliance.

**Table 3**  
**CY 2012 Audit Findings by Hotel/Motel**

	Hotels Selected for Audit	Audit Assessment	Amount Paid	Amount Due
1	All 8 Motel	\$ -	\$ -	\$ -
2	Argonne Motel	-	-	-
3	Avia - Long Beach aka Hyatt The Pike*	-	-	-
4	Beacon Motel	-	-	-
5	Bixby Knolls Motel	-	-	-
6	Bristol Motel	-	-	-
7	Coast Motel	-	-	-
8	Courtyard by Marriot*	96.06	96.06	-
9	Dockside Boat & Bed	742.58	742.58	-
10	Eagle Inn	3,789.26	3,789.26	-
11	El Capitan Motor Inn	-	-	-
12	Extended Stay America	-	-	-
13	Flamingo Inn Motel	-	-	-
14	Haystack Motel	-	-	-
15	Hiland Motel (PCH)	-	-	-
16	Holiday Inn- Long Beach Airport*	760.65	760.65	-
17	Hotel Salina aka Crest Motel	94.81	94.81	-
18	Hyatt Regency Long Beach*	-	-	-
19	Hyland Inn (LB Blvd.)	-	-	-
20	Joyland Motel	-	-	-
21	Kearney Motel	-	-	-
22	La Mirage Inn	-	-	-
23	Liberty Hotel	-	-	-
24	Long Beach Airport Marriott*	-	-	-
25	Long Beach Hilton*	97.87	97.87	-
26	Long Beach Inn Motel	-	-	-
27	Motel 6 #1312	-	-	-
28	Oak Tree Inn Motel	-	-	-
29	Oliver Hotel	-	-	-
30	Park Hotel, The	4,131.96	\$4,131.96	-
31	Queen Mary*	-	-	-
32	Raymoure Motel	-	-	-
33	Renaissance Long Beach Hotel*	-	-	-
34	Royal Hotel	-	-	-
35	Searle Motel	-	-	-
36	Slumber Inn	-	-	-
37	Stallion Inn Motel	-	-	-
38	Star Motel	-	-	-
39	State Motel	-	-	-
40	Sunlight Motel	112.40	112.40	-
41	Sunshine Motel	-	-	-
42	Travel King Motel	-	-	-
43	Village Hotel	-	-	-
44	Walls Motel	-	-	-
45	Westin Long Beach, The*	-	-	-
	<b>Totals</b>	<b>\$ 9,825.59</b>	<b>\$ 9,825.59</b>	<b>\$ -</b>

\*Hotel is one of 10 largest hotels in the City subject to audit every year

**Table 4**  
**CY 2013 Audit Findings by Hotel/Motel**

	Hotels Selected for Audit	Audit Assessment	Amount Paid	Amount Due
1	Aqua Venture Inn	\$ -	\$ -	\$ -
2	Avon Hotel	-	-	-
3	Bay Hotel	-	-	-
4	Beach Inn Motel	-	-	-
5	Bel Shore Motel	-	-	-
6	Best Western Golden Sails Hotel	-	-	-
7	Best Western Hotel	-	-	-
8	Best Western of Long Beach	-	-	-
9	Carlton Motel	-	-	-
10	City Center Days Inn (Days Inn)	-	-	-
11	City Center Motel aka Days Inn	-	-	-
12	Club Hotel	-	-	-
13	Comfort Inn & Suites aka Int'l. Inn	-	-	-
14	Coronado Motel	-	-	-
15	Courtyard By Marriot*	-	-	-
16	Grace Hotel	-	-	-
17	Holiday Inn Downtown Long Beach	291.21	291.21	-
18	Holiday Inn- Long Beach Airport*	-	-	-
19	Hotel Current aka Guesthouse Hotel LB	-	-	-
20	Hotel De La Pasada	-	-	-
21	Hotel Maya aka Coast Long Beach Hotel	500.35	500.35	-
22	Hyatt At The Pike aka Avia- Lb*	-	-	-
23	Hyatt Regency Long Beach*	-	-	-
24	Inn of Long Beach	-	-	-
25	Long Beach Airport Marriott*	1,481.73	1,481.73	-
26	Long Beach Days Inn aka Luxury Inn	-	-	-
27	Long Beach Hilton*	81.06	81.06	-
28	Magnolia Motel	-	-	-
29	Monterey Motel	-	-	-
30	Motel 6	-	-	-
31	Pacifica Motel	-	-	-
32	Palms Motel	-	-	-
33	Princess Inn	-	-	-
34	Queen Mary*	-	-	-
35	Renaissance Long Beach Hotel*	1,403.51	1,403.51	-
36	Residence Inn by Marriot-Long Beach	596.25	596.25	-
37	Rocky Inn Motel	-	-	-
38	Rodeway Inn	-	-	-
39	Royal Inn Motel	-	-	-
40	Ruby Motel	-	-	-
41	Seaport Marina Hotel	-	-	-
42	Super 8 Motel -Long Beach	-	-	-
43	Travelodge Long Beach	-	-	-
44	Unity Hotel	-	-	-
45	Vagabond Inn**	39,374.75		39,374.75
46	Westin Long Beach, The*	-	-	-
	<b>Totals</b>	<b>\$ 43,728.86</b>	<b>\$ 4,354.11</b>	<b>\$ 39,374.75</b>

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\*\*Hotel did not respond to the audit request. Audit assessment amount was calculated based on historical records.

**Table 5**  
**CY 2013 Credit Findings by Hotel/Motel**

	Hotels Selected for Audit	Credit Assessed	Credits Applied	Remaining Credit Balance
1	Beach Inn Motel	(1,143.00)	(1,143.00)	-
2	City Center Motel aka Days Inn	(685.67)	(685.67)	-
3	Rocky Inn Motel	(282.62)	(282.62)	-
	<b>Total</b>	<b>\$ (2,111.29)</b>	<b>\$ (2,111.29)</b>	<b>\$ -</b>

Note: A credit balance was assessed due to the overpayment of TOT as indicated in the CY 2013 audit. This was the only year under review that resulted in hotels/motels with a credit balance.

**Table 6**  
**CY 2014 Audit Findings by Hotel/Motel**

	<b>Hotels Selected for Audit</b>	<b>Audit Assessment</b>	<b>Amount Paid</b>	<b>Amount Due</b>
1	All 8 Motel	\$ -	\$ -	\$ -
2	Argonne Motel	-	-	-
3	Arlington Motel	-	-	-
4	Beacon Motel	-	-	-
5	Bixby Knolls Motel	-	-	-
6	Bristol Motel	-	-	-
7	Busy Eagle Inn. Inc. "Eagle Inn"	-	-	-
8	Coast Motel	-	-	-
9	Colonial Inn	-	-	-
10	Courtyard by Marriot*	-	-	-
11	Courtyard Long Beach 3841 Lakewood Blvd*	249.74	249.74	-
12	Hotel Salina	-	-	-
13	Dockside Boat & Bed	-	-	-
14	Dolly Varden	2,411.33	2,411.33	-
15	El Capitan Motor Inn	-	-	-
16	Extended Stay America #9321	-	-	-
17	Flamingo Inn Motel	-	-	-
18	Grace Hotel	-	-	-
19	Haystack Motel	-	-	-
20	Hiland Motel	-	-	-
21	Holiday Inn- Long Beach Airport*	-	-	-
22	Hyatt at the Pike aka Avia- Long Beach*	-	-	-
23	Hyatt Regency Long Beach*	-	-	-
24	Hyland Inn	-	-	-
25	Joyland Motel	-	-	-
26	Kay's Motel	-	-	-
27	Kearney Motel	-	-	-
28	La Bonita Inn (Tuk U Inn)	-	-	-
29	La Mirage Inn	-	-	-
30	Liberty Hotel	-	-	-
31	Long Beach Airport Marriott*	2,713.82	2,713.82	-
32	Long Beach Hilton*	721.55	721.55	-
33	Long Beach Inn Motel	-	-	-
34	Marina Motel	-	-	-
35	Motel 6 #1312	-	-	-
36	Oak Tree Inn Motel	-	-	-
37	Oliver Hotel	-	-	-
38	Park Hotel, The**	5,840.09	-	5,840.09
39	Poolside Motel	-	-	-
40	Queen Mary*	-	-	-
41	Raymoure Motel	-	-	-
42	Renaissance Long Beach Hotel*	2,084.82	2,084.82	-

\*Hotel is one of 10 largest hotels in the City subject to audit every year

\*\* Hotel did not respond to the audit request. Audit assessment amount was calculated based on prior records.

**Table 6 (Continued)**  
**CY 2014 Audit Findings by Hotel/Motel**

43	Residence Inn Queens Way	314.54	314.54	-
44	Royal Hotel	-	-	-
45	Seabright Motel	-	-	-
46	Searle Motel	-	-	-
47	Slumber Inn	-	-	-
48	Stallion Inn Motel	-	-	-
49	Star Motel	-	-	-
50	State Motel	-	-	-
51	Sunlight Motel	-	-	-
52	Sunshine Motel	-	-	-
53	Tower Motel	-	-	-
54	Travel Eagle Inn	-	-	-
55	Travel King Motel	-	-	-
56	Village Hotel 4430 Village Road	-	-	-
57	Village Hotel 4406 Greenmeadow Road	-	-	-
58	Walls Motel	-	-	-
59	Westin Long Beach, The*	466.43	466.43	-
	<b>Totals</b>	<b>\$ 14,802.32</b>	<b>\$ 8,962.23</b>	<b>\$ 5,840.09</b>

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**Table 7**  
**CY 2015 Audit Findings by Hotel/Motel**

	<b>Hotels Selected for Audit</b>	<b>Audit Assessment</b>	<b>Amount Paid</b>	<b>Amount Due</b>
1	Aqua Venture Inn	\$ -	\$ -	\$ -
2	Avon Hotel	-	-	-
3	Bay Hotel	-	-	-
4	Beach Inn Motel	-	-	-
5	Beachrunner's Inn	-	-	-
6	Belmont Shore Inn	-	-	-
7	Best Western Golden Sails	-	-	-
8	Best Western Hotel 517 E. 1st Street	821.26	821.26	-
9	Best Western of Long Beach	-	-	-
10	Carlton Motel	-	-	-
11	City Center Days Inn	337.13	337.13	-
12	City Center Motel	-	-	-
13	Club Motel	-	-	-
14	Comfort Inn and Suites	-	-	-
15	Coronado Motel	148.39	-	148.39
16	Courtyard by Marriot*	-	-	-
17	Courtyard Long Beach 3841 Lakewood Blvd.*	-	-	-
18	Don's Hotel	-	-	-
19	Econo Lodge Long Beach	-	-	-
20	Galanis, Jerry 154 Elm	-	-	-
21	Greenleaf Hotel	-	-	-
22	Holiday Inn- Long Beach Airport*	-	-	-
23	Holiday Inn Long Beach Downtown	3,137.86	3,137.86	-
24	Hotel Current	-	-	-
25	Hotel Maya aka Queensbay Hotel	-	-	-
26	Hyatt At The Pike aka Avia - Long Beach*	-	-	-
27	Hyatt Regency Long Beach*	-	-	-
28	Inn of Long Beach	-	-	-
29	La Pasada Hotel	-	-	-
30	Long Beach Airport Marriott*	-	-	-
31	Long Beach Days Inn (Luxury Inn )	-	-	-
32	Long Beach Hilton*	-	-	-
33	Long Beach Motel	6,549.84	6,549.84	-
34	Magnolia Motel	-	-	-
35	Mc Intosh, Geoffrey K, 2043 E Broadway	-	-	-
36	Monterey Motel	-	-	-
37	Motel 6	-	-	-
38	National Corporate Housing	-	-	-
39	Pacifica Motel	-	-	-
40	Palms Motel	-	-	-
41	Park Hotel, The	-	-	-
42	Princess Inn	-	-	-
43	Queen Mary*	149.76	149.76	-
44	Renaissance Long Beach Hotel*	1,633.82	1,633.82	-

\*Hotel is one of 10 largest hotels in the City subject to audit every year

**Table 7(Continued)**  
**CY 2015 Audit Findings by Hotel/Motel**

45	Residence Inn Willow	-	-	-
46	Rocky Inn Motel	-	-	-
47	Rodeway Inn	-	-	-
48	Royall Inn Motel	-	-	-
49	Ruby Motel	-	-	-
50	Sakuda Inn	-	-	-
51	Sea Breeze Motel	-	-	-
52	Sea Port Marina Hotel	-	-	-
53	Super 8 Motel Long Beach	-	-	-
54	Travel King Motor Inn	-	-	-
55	Travelodge Long Beach	70.06	70.06	-
56	Unity Hotel	-	-	-
57	Vagabond Inn	-	-	-
58	Westin Long Beach, The*	-	-	-
	<b>Totals</b>	<b>\$ 12,848.12</b>	<b>\$ 12,699.73</b>	<b>\$ 148.39</b>

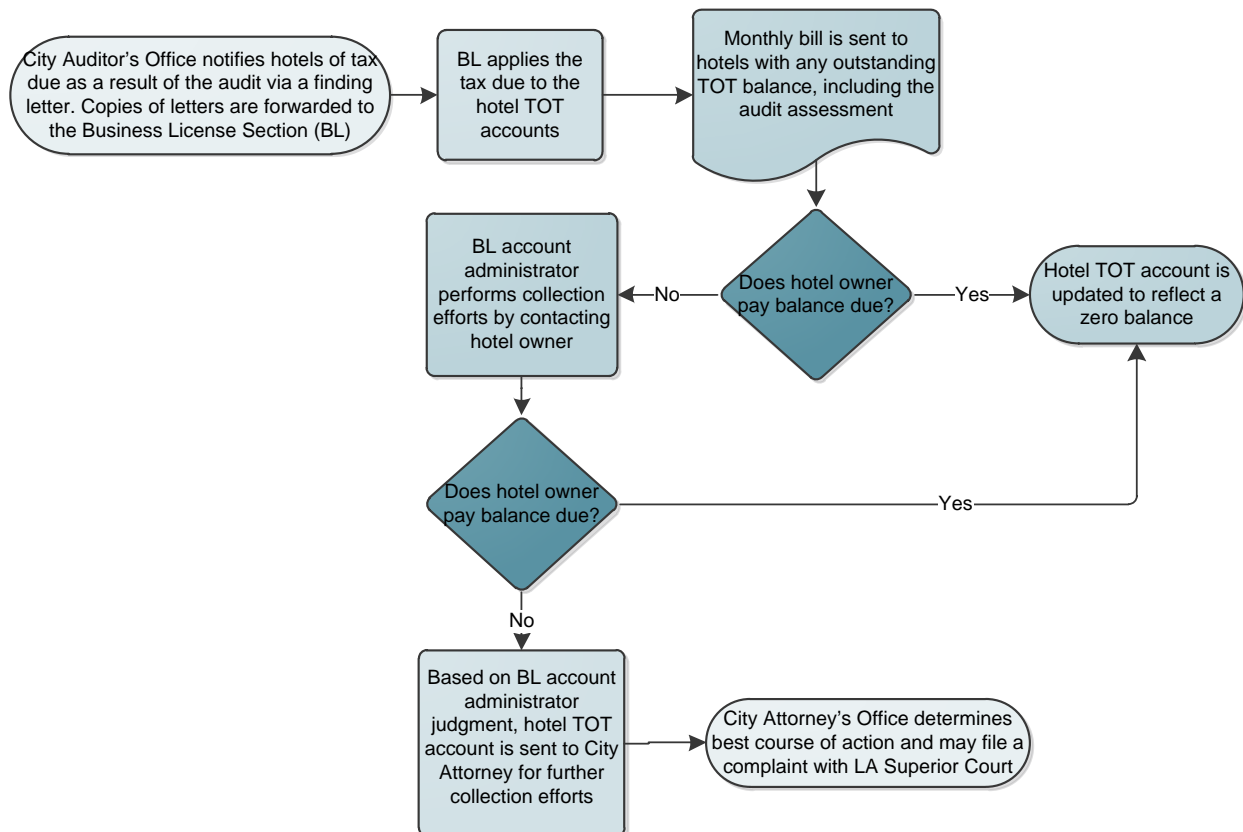
\*Hotel is one of 10 largest hotels in the City subject to audit every year

## Background

Section 7280 of the California Revenue and Taxation Code permits the legislative bodies of any city or county in the State of California to impose an occupancy tax for the privilege of occupying a room in a hotel, motel, or other lodging. This tax applies to any person who occupies a hotel motel for period under 30 days and is not exempt. Typical exemptions are Federal or State employees staying at a hotel or motel when on government business.

Chapter 3.64 of the Long Beach Municipal Code, established by City Council Ordinance, sets forth the City's regulations for the Transient Occupancy Tax (TOT) including TOT administration, tax rate imposed, collection, refunds, records, and penalties. The City Council amended the TOT Code in 2005, which included improved documentation requirements, clarified ambiguities in the Code, and remedies to collect unpaid and underpaid tax. The TOT is levied on individuals who occupy a hotel/motel room in the City of Long Beach for a period of 30 days or less. The tax is collected by the hotel/motel operator and remitted to the City on a monthly basis. The City's Department of Financial Management's Business License Division (BL) is responsible for the collection and administration of TOT. The TOT collection process is shown in Figure 1 below.

**Figure 1. TOT Collection Process**



Note: As of this report, BL has not sent TOT accounts audited to the City Attorney for further collection.

## Objective, Scope & Methodology

This is a summary report of the Transient Occupancy Tax (TOT) audits conducted on the financial records of hotels/motels for the calendar years (CY) 2012 to 2015. The objective of the TOT audits summarized within this report was to verify that hotel/motel operators we audited comply with the TOT ordinance and remit the proper amount of TOT to the City. The City Auditors Office (CAO) contracted the CY 2012 and 2013 audit work to Tax Compliance Services (TCS), a firm with experience performing this work in other jurisdictions. After the dissolution of TCS in 2014, CAO contracted this audit work to Compliance Data Services (CDS), a new company that stemmed from TCS, for CY 2014 and 2015.

To complete the TOT audits summarized in this report, the following procedures were performed:

1. Notified selected hotels/motels of pending site visit;
2. Reviewed and analyzed relevant documents in support of tax calculation, waivers/exemptions, and remittance; and
3. Compared City and Federal tax filings for consistencies in revenue report;
4. Reviewed TOT accounts maintained by the Department of Financial Management to determine if audit assessments were paid by the hotel/motel owners.

This summary report was not an audit conducted in accordance with Generally Accepted Government Auditing Standards, but rather a limited scope review. Had we performed an audit, other matters might have come to our attention that would have been reported.