



Glenn Hegar

Texas Comptroller of Public Accounts

Welcome to your official online window on state government services from the Texas Comptroller of Public Accounts.

Hotel Occupancy Tax Frequently Asked Questions

Who has to collect hotel taxes?

A hotel's owner, operator, or manager must collect hotel taxes from their guests. For the purposes of the tax, a hotel is considered to be any building in which members of the public rent sleeping accommodations for \$15 or more per day. Local hotel taxes apply to sleeping rooms costing \$2 or more per day.

The tax covers hotels, motels, and bed and breakfasts, as well as condominiums, apartments, and houses rented for less than 30 consecutive days. Hotel tax does not apply to hospitals, sanitariums, nursing homes, student dormitories operated by colleges and universities, or condominiums, apartments, and houses leased for more than 30 consecutive days.

What is the hotel tax rate?

The state hotel tax rate is 6 percent.

Cities and some counties can each levy local hotel taxes, generally at rates varying up to 7 percent; sports and community venue projects can levy hotel taxes at rates varying up to 2 percent, except for Dallas County which can impose a hotel venue tax at a rate of up to 3 percent.

For example, in Houston there is 6 percent state tax, 7 percent Houston tax, 2 percent Harris County tax and 2 percent Harris County - Houston Sports Authority tax.

What government agency handles hotel taxes?

The Comptroller's office collects and administers the 6 percent state hotel tax, while cities and counties are responsible for collecting their own local hotel taxes.

Can I use the existing taxpayer number if I buy a hotel?

There are various factors that affect the answer to this question, so please call our Hotel Occupancy tax help line at (800) 252-1385 to discuss your situation with a tax specialist.

How do I apply for a hotel tax permit?

While the Comptroller's office does not issue printed hotel tax permits, businesses that report the tax should send a completed [Hotel Occupancy Tax Questionnaire \(form AP-102\) \(./taxforms/ap-102.pdf\)](#) to the Comptroller's office in Austin or a [local field office \(./fieldtoll.html\)](#).

Owners and operators should contact the county and city where their hotel is located for more information about collecting and reporting local hotel taxes.

When is my [hotel tax return \(form 12-100\) \(./taxforms/12-100.pdf\)](#) due?

Hotels that owe less than \$500 in state tax for each calendar month or \$1,500 for a calendar quarter report and remit tax on the 20th day of the month following the end of the quarter. All other hotels file monthly state hotel tax returns by the 20th day of the following month. If the 20th falls on a weekend

or bank holiday, the return is due the next business day.

Returns must be postmarked on or before the due date to be considered timely.

To find out due dates for local hotel taxes, hotels should contact the appropriate local jurisdictions.

Is there hotel tax on meeting or banquet rooms?

The 6 percent state hotel tax applies to any room or space in a hotel, including meeting and banquet rooms. Local hotel taxes, however, are due only on those rooms ordinarily used for sleeping.

There are no state or local hotel taxes on meeting and banquet rooms located in a building where no sleeping accommodations are provided.

Who is exempt from paying state and local hotel taxes?

The following organizations and individuals do not have to pay hotel tax:

- the U.S. government and its employees traveling on official business;
- foreign diplomats issued a tax exemption card by the U.S. Department of State, unless the card specifically excludes hotel tax;
- certain Texas state officials with special hotel tax exemption cards (includes heads of state agencies, members of state boards and commissions, judicial officials at the district court level and above, state legislators, and legislative employees);
- permanent residents, that is, guests who occupy a room for at least 30 consecutive days; any interruption in the term of occupancy will void the exemption (guests who stay 30 or more days and notify the hotel in writing of their intention beforehand are exempt from the day of notification, while guests who do not notify the hotel must pay the tax the first 30 days and are exempt thereafter);
- some nonprofit entities and their employees traveling on official business; the entity must have received a hotel tax exemption letter from the Comptroller's office and the reason for the exemption must be written on the exemption certificate, for example, "exempt per Electric Cooperative Act, Utilities Code, Chapter 161" or "exempt per Telephone Cooperative Act, Utilities Code, Chapter 162."

Who is exempt from paying only the state hotel tax?

Religious, charitable, and educational organizations (defined in Comptroller [Rule 3.161](http://www.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=34&pt=1&ch=3&rl=161) ([http://www.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=34&pt=1&ch=3&rl=161](http://www.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=34&pt=1&ch=3&rl=161))) that have received a letter of exemption from the Comptroller's office are exempt from the 6 percent state hotel tax. The exemption extends to their employees traveling on official business, but does not apply to any local hotel taxes, which must be paid.

- Exempt religious organizations include nonprofit churches and their guiding or governing bodies, but does not include missionary organizations, Bible study groups, or churches made up only of family members.
- Charitable organizations include nonprofit organizations whose sole purpose is to provide food, clothing, drugs, treatment, or shelter directly to indigent and needy persons. Not included are 501(c)(3) not-for-profit corporations, social groups, professional or business groups, fraternal organizations, or similar organizations.
- Educational organizations include independent school districts, public and private elementary and secondary schools, and Texas institutions of higher education (public and private colleges, universities, junior colleges, and community colleges). Not included are research organizations, home schools, and organizations that mainly provide support services to schools. Effective

October 1, 2003, non-Texas institutions of higher education no longer qualify for exemption.

Weren't non-Texas institutions of higher education exempt from state hotel tax?

From September 1, 1999 to August 31, 2001, institutions of higher education from other states and countries were not exempt and their employees traveling on official business had to pay hotel taxes.

These institutions did qualify for a state hotel tax exemption, however, from September 1, 1959 to August 31, 1999 and from September 1, 2001 to September 30, 2003.

Currently, out-of-state institutions of higher education are not exempt from hotel tax.

How can my organization apply for a hotel tax exemption?

Complete the appropriate application and provide documentation, as required, to the Exempt Organizations Section of the Tax Policy Division. For additional information on exemptions, please refer to [publication 96-122 \(./taxpubs/tx96_122.pdf\)](#) "Exempt Organizations - Sales and Purchases."

Why do some hotels collect tax after a permanent resident gives written notice?

A hotel is liable for tax if a guest fails to stay for 30 consecutive days and thus may prefer to collect tax and then later give the guest a refund or credit.

Does an exempt organization have to pay the hotel directly or can the guest pay?

The employee's method of payment does not affect the exemption. Non-employees, however, must pay the hotel with the organization's funds (organization check, credit card, or direct billing).

Are third-party contractors working for the federal government exempt?

No, third-party contractors completing contracts for the government or using federal grant money are not exempt and must pay state and local hotel taxes.

Are Texas state agencies and their employees exempt from hotel taxes?

No, state agencies (except Texas institutions of higher education) and their employees (except certain state officials described above) must pay state and local hotel taxes. State agencies can request a refund of state and local hotel taxes paid or reimbursed to employees ([Rule 3.163](#)) ([http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=34&pt=1&ch=3&rl=163](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=34&pt=1&ch=3&rl=163)).

Are local government agencies and their employees exempt from hotel taxes?

No, county and city agencies and their employees must pay state and local hotel taxes, and cannot request refunds of taxes paid.

How does a hotel guest claim an exemption?

The exempt organization or employee must give the hotel a completed Hotel Occupancy Tax Exemption Certificate ([form 12-302](#)) ([./taxforms/12-302.pdf](#)) and proof that the organization has received a letter of hotel tax exemption from the Comptroller's office at the time of registration. The on-line list of organizations that have received hotel tax exemption is located through the Comptroller's [Exemption Search](#) (http://comptroller.texas.gov/taxinfo/exempt/exempt_search.html).

What do hotels need to verify an exemption?

Hotels can accept exemption certificates in good faith when the guest provides the following supporting documentation:

- federal employees traveling on government business - a valid government identification card;
- designated Texas state employees - a special hotel tax exemption photo ID or card that states holder is exempt from hotel taxes;

- foreign diplomats - a tax exemption card issued by the U.S. Department of State that exempts the diplomat or mission, unless the card specifically excludes hotel tax;
- employees and representatives of a specific nonprofit entity or a nonprofit charitable, educational, or religious organization traveling on organization business - a Comptroller's letter of hotel tax exemption or verification that the organization is on the Comptroller's list of exempted entities, such as a printed copy of the Comptroller's website listing the organization as exempt for hotel tax. See reference below.

For the online list of organizations that have received a letter of hotel tax exemption, visit the Comptroller's [Exemption Search \(http://comptroller.texas.gov/taxinfo/exempt/exempt_search.html\)](http://comptroller.texas.gov/taxinfo/exempt/exempt_search.html).

More information on exemptions is in [Hotel Occupancy Tax Exemptions \(publication 96-224\) \(./taxpubs/tx96_224.html\)](http://comptroller.texas.gov/taxpubs/tx96_224.html).

For further assistance, call a hotel tax specialist toll free at (800) 252-1385.

[Texas Hotel tax forms \(http://comptroller.texas.gov/taxinfo/taxforms/12-forms.html\)](http://comptroller.texas.gov/taxinfo/taxforms/12-forms.html) and [Hotel tax rules \(http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=34&pt=1&ch=3&sch=K&rl=Y\)](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=34&pt=1&ch=3&sch=K&rl=Y) are available online.