
**THE CITY OF NEW YORK
DEPARTMENT OF FINANCE
DIVISION OF TAX POLICY**

**STATISTICAL PROFILE OF THE
NEW YORK CITY
HOTEL ROOM OCCUPANCY TAX**

TAX YEAR 2017

BILL DE BLASIO, MAYOR

JACQUES JIHA, PH.D., COMMISSIONER

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**REPORT PREPARED BY THE
DIVISION OF TAX POLICY
JULY 2018**

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Introduction

Applicability

The Hotel Room Occupancy Tax must be paid on the occupancy, or the right of occupancy, of a room or rooms in a hotel. A “hotel” is a building or part of it that is regularly used for the lodging of guests, and includes an apartment hotel, a motel, boardinghouse, bed-and-breakfast, bungalow, or club, whether or not meals are served. The occupant of any room or rooms in a hotel must pay the tax. Hotel operators and remarketers (when a room has been rented through a reseller) collect the tax from the occupant. The hotel room occupancy tax is separate from the NYC sales tax on hotel room occupancy and is charged in addition to the sales tax.

A facility is not considered a hotel if, during any four consecutive tax quarters or any twelve-month period ending on the last day of February, rooms are rented on fewer than three occasions or for not more than 14 days in the aggregate. Rentals to permanent residents (residents who occupy a room for at least 180 consecutive days) are not taxable. Moreover, not-for-profit organizations formed and operated exclusively for religious, charitable, or educational purposes, or for the prevention of cruelty to children or animals, and government agencies and other organizations not subject to the sales tax on hotel room rentals are exempt from the hotel room occupancy tax.

The hotel room occupancy tax year starts on March 1 and ends on the last day of February of the following year.

Tax Rate and Liability

The hotel room occupancy tax is based on the rent charged for the room, as follows:

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

In the case of hotel suites, the tax is the fixed amount shown above for each room in the suite plus 5.875 percent of the rent for the suite.

Effective June 1, 2016, the application of the state and local sales tax and the city hotel room occupancy tax to remarketed hotel rooms is simplified by exempting from these taxes the rent paid by a room remarketer to the hotel operator. Hotel room occupants are taxable on the total rent they pay to a room remarketer. Formerly, a room remarketer was taxable on the rent it paid for the room to the hotel operator but was eligible for a credit or refund of the tax paid if certain conditions were met. As a result of the change in the law, room remarketers will no longer be required to pay tax on the rooms they rent from the hotel operator.

History

The rationale for the hotel room occupancy tax, first imposed in NYC in 1970, is that visitors should help pay the cost of basic services and tourism development initiatives that benefit them while here.

In 1970, the tax consisted of a flat fee based upon the daily rental value of the room. A 5.0 percent tax was imposed in addition to the flat fee in 1986, raised to 6.0 percent in 1990, then lowered to 5.0 percent in 1994 and raised to the current 5.875 percent in 2009.* Also, in 2009, the tax was extended to apply to the markup on rooms rented through Internet and other hotel room occupancy resellers.

In 2015, local legislation adopted by the City Council extended the 5.875 percent rate through November 30, 2019. Unless extended at that time, the rate would revert to 5 percent on December 1, 2019.

NYC Hotel Room Occupancy Tax Rates	
07/08/86 - 08/31/90	5.000%
09/01/90 - 11/30/94	6.000%
12/01/94 - 02/28/09	5.000%
03/01/09 - 11/30/13	5.875%
12/01/13 - 12/19/13	5.000%
12/20/13 - present	5.875%

*For the period between December 1, 2013 and December 19, 2013, the rate temporarily reverted to 5.0 percent.

**HOTEL ROOM OCCUPANCY TAX
TAX YEAR 2017**

**Table 1
DISTRIBUTION BY LIABILITY RANGE
(NUMBER OF ROOMS RENTED AND DOLLARS IN THOUSANDS)**

Liability Per Taxpayer	Number of Hotels	% of Total	Number of Rooms Rented		Liability			
					Daily Room Tax	5.875% Tax	Total	% of Total
\$10K or Less	157	16.5 %	53	0.1 %	\$99	\$391	\$490	0.1 %
\$10K - \$25K	34	3.6	67	0.2	126	435	561	0.1
\$25K - \$50K	65	6.8	296	0.8	577	1,797	2,374	0.4
\$50K - \$100K	85	8.9	761	2.0	1,498	5,054	6,552	1.1
\$100K - \$200K	116	12.2	1,763	4.7	3,492	13,043	16,535	2.8
\$200K - \$300K	64	6.7	1,529	4.0	3,059	13,047	16,106	2.8
\$300K - \$400K	48	5.1	1,487	3.9	2,975	13,514	16,489	2.8
\$400K - \$500K	42	4.4	1,602	4.2	3,205	15,294	18,499	3.2
\$500K - \$1M	127	13.4	6,234	16.5	12,459	77,423	89,882	15.4
\$1M - \$1.5M	70	7.4	5,395	14.3	10,767	74,784	85,551	14.7
\$1.5M - \$2M	28	2.9	2,738	7.2	5,475	43,254	48,729	8.4
\$2M - \$2.5M	20	2.1	2,988	7.9	5,975	38,937	44,912	7.7
\$2.5M - \$4M	33	3.5	5,789	15.3	11,578	96,398	107,977	18.5
More than \$4M	12	1.3	4,275	11.3	8,549	65,173	73,722	12.6
Remarketers	49	5.2	2,823	7.5	5,645	48,793	54,439	9.3
TOTAL	950	100.0 %	37,800	100.0 %	\$75,479	\$507,338	\$582,817	100.0 %

**HOTEL ROOM OCCUPANCY TAX
TAX YEAR 2017**

**Table 2
DISTRIBUTION BY BOROUGH**
(NUMBER OF ROOMS RENTED AND DOLLARS IN THOUSANDS)

Borough	Number of Hotels	% of Total	Number of Rooms Rented	% of Total	Liability			
					Daily Room Tax	5.875% Tax	Total	% of Total
Manhattan	594	62.5 %	30,096	79.6 %	\$60,143	\$418,316	\$478,459	82.1 %
Bronx	30	3.2	429	1.1	\$806	\$2,058	\$2,864	0.5
Brooklyn	108	11.4	1,577	4.2	3,153	15,625	18,779	3.2
Queens	142	14.9	2,708	7.2	5,398	21,330	26,728	4.6
Staten Island	12	1.3	164	0.4	327	1,153	1,480	0.3
Not Available	15	1.6	3	0.0	6	62	68	0.0
Remarketers	49	5.2	2,823	7.5	5,645	48,793	54,439	9.3
TOTAL	950	100.0 %	37,800	100.0 %	\$75,479	\$507,338	\$582,817	100.0 %

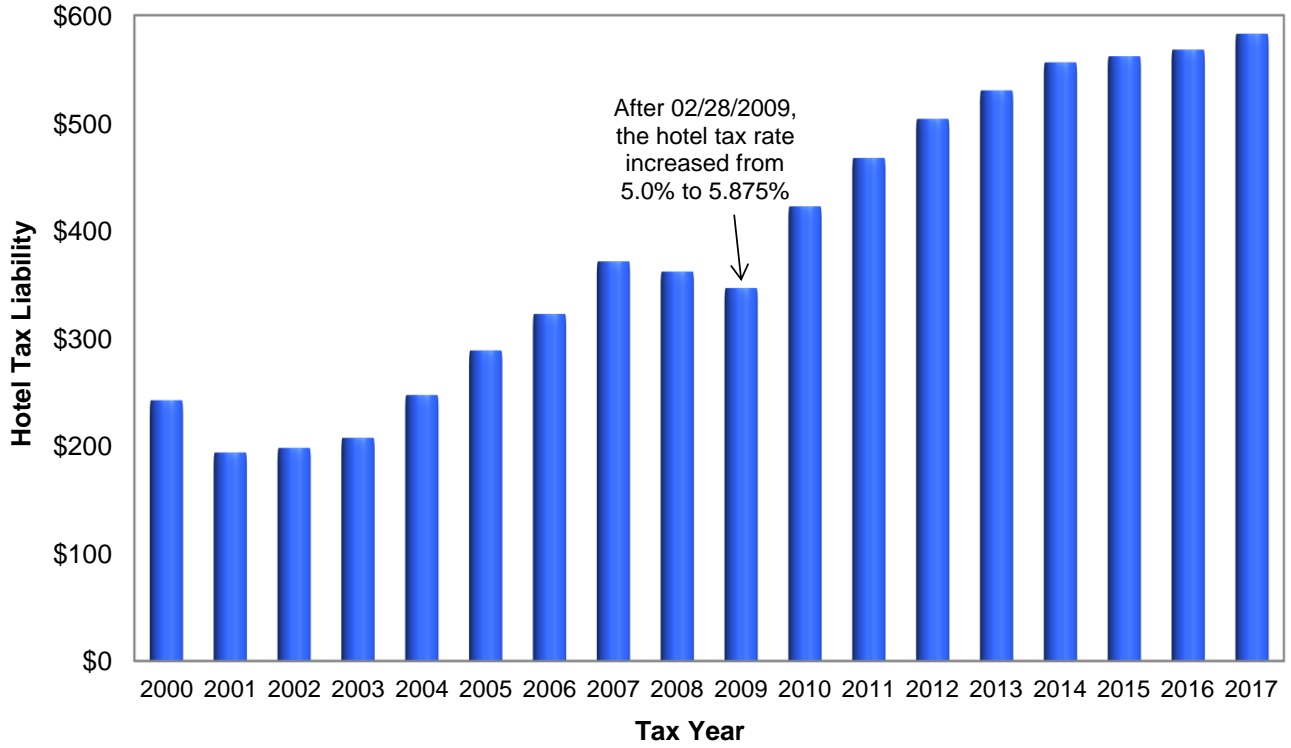
**HOTEL ROOM OCCUPANCY TAX
TAX YEAR 2017**

**Table 3
DISTRIBUTION BY AVERAGE DAILY ROOM RENT
(NUMBER OF ROOMS RENTED AND DOLLARS IN THOUSANDS)**

Average Daily Room Rent	Number of Hotels	% of Total	Number of Rooms Rented	% of Total	Liability			
					Daily Room Tax	5.875% Tax	Total	% of Total
\$40 or less	14	1.5 %	143	0.4 %	\$204	\$311	\$515	0.1 %
\$40 - \$100	152	16.0	2,834	7.5	5,662	12,513	\$18,176	3.1
\$100 - \$150	193	20.3	4,658	12.3	9,316	35,336	\$44,651	7.7
\$150 - \$200	217	22.8	9,095	24.1	18,167	93,036	\$111,203	19.1
\$200 - \$250	137	14.4	7,378	19.5	14,755	98,362	\$113,117	19.4
\$250 - \$300	75	7.9	5,284	14.0	10,569	85,589	\$96,157	16.5
\$300 - \$350	44	4.6	3,339	8.8	6,670	63,253	\$69,923	12.0
\$350 - \$400	17	1.8	817	2.2	1,635	17,998	\$19,633	3.4
\$400 - \$500	15	1.6	670	1.8	1,340	16,973	\$18,314	3.1
\$500 - \$700	12	1.3	258	0.7	516	8,833	\$9,349	1.6
More than \$700	15	1.6	500	1.3	1,000	23,991	\$24,991	4.3
Not Available	10	1.1	n/a		n/a	2,350	\$2,350	0.4
Remarketers	49	5.2	2,823	7.5	5,645	48,793	54,439	9.3
TOTAL	950	100.0 %	37,800	100.0 %	\$75,479	\$507,338	\$582,817	100.0 %

HOTEL ROOM OCCUPANCY TAX

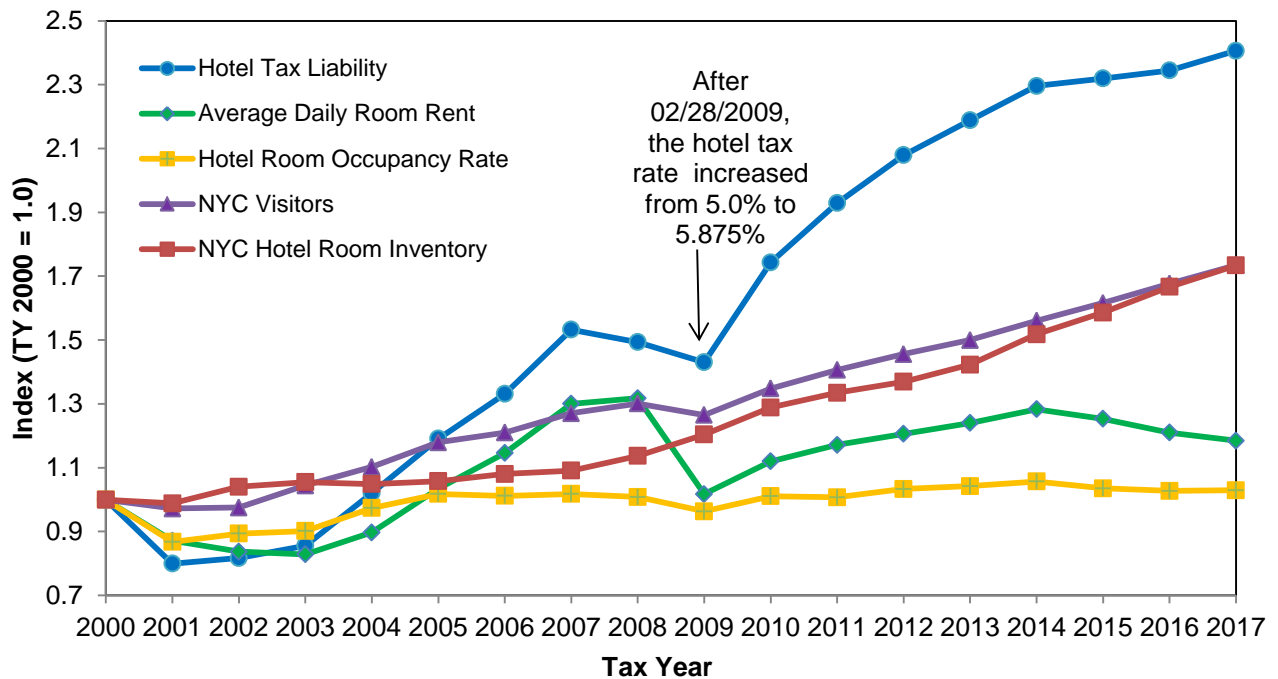
Figure 1
LIABILITY
TAX YEARS 2000 – 2017
(\$ MILLIONS)



HOTEL ROOM OCCUPANCY TAX

Figure 2
LIABILITY COMPARED TO NYC VISITORS,
AVERAGE DAILY ROOM RENT, ROOM INVENTORY AND OCCUPANCY RATE
TAX YEARS 2000 – 2017

- Hotel room occupancy tax liability has continued to increase every year since 2009.
- The number of visitors and room inventory continued to increase, while the average daily room rent continued its decline since 2015.



Sources: All data except hotel room occupancy tax liability are from NYC & Company and PKF Consulting. Hotel room occupancy tax liability is from NYC Department of Finance records.