

Transient Lodging Tax Department

Frequently Asked Questions (FAQ's)

TOURISM SURCHARGE **Disclaimer**

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1) Q – Which properties are subject to the Tourism Surcharge?

A – On May 21, 2015 the Governor signed SB312 legislation into law implementing a nightly surcharge to all rooms where gross receipts are received by the proprietor for the occupancy of the room. This surcharge applies to all hotels (gaming and non-gaming) within a 20mile radius of downtown Reno (see #2 below for distinction). Per the legislation a "hotel" is defined as "a building occupied or intended to be occupied for compensation, as the temporary residence for transient guests, primarily persons who have a residence elsewhere. A hotel has an interior hall and lobby with access to each room from the interior hall or lobby".

2) Q – When does the Tourism Surcharge go into effect?

A – The collection of the new Tourism Surcharge in the existing Downtown District, for both gaming and non-gaming properties commenced on July 1, 2015. On August 11, 2015 the Washoe County Commissioners approved the ordinance creating the surcharge as mandated by SB 312 for areas located outside of the Downtown District and within a 20-mile radius of the existing Downtown District. The effective date was August 21, 2015.

3) Q – What should this surcharge be called?

A – For consistency with all properties, please refer to this as the "Tourism Surcharge". Please instruct your IT Departments to code the charge as such on guest folios.

4) Q – What is the amount of the Tourism Surcharge?

A – Currently, there are five (5) hotels in the existing Reno downtown district created pursuant to NRS 268.798 and City of Reno Administrative Code Section 2.10.410 (the "Downtown District") with non-restricted gaming licenses that are subject to a \$2.00 surcharge. The new legislation increases the existing surcharge on the hotels in the existing Downtown District holding non-restricted gaming licenses to \$3.00 per room, per night. All other hotels located within the existing Downtown District and within a 20-mile radius of the existing Downtown District (gaming and non-gaming) are now subject to a \$2.00 per room, per night surcharge.

5) Q – In this an increase in transient lodging tax?

A – This is a surcharge and not an increase in either the 13.0% or 13.5% transient lodging tax currently applicable to all taxable room rental revenue. Therefore, the surcharge must be posted as a separate transaction on the guest folio. The property is also advised to hold these funds in a separate general ledger account.

6) Q – Does transient lodging tax need to be collected on the surcharge?

A - The surcharge is NOT taxable revenue; therefore, transient lodging tax is NOT to be collected on surcharge revenue.

7) Q – What is the purpose of the Tourism Surcharge?

A – The proceeds of the surcharge shall be used exclusively by the RSCVA “to implement a strategic plan for the promotion of tourism in the region”.

8) Q – Does the surcharge apply to “unoccupied rooms” such as no-shows?

A – The surcharge is due and payable on unoccupied rooms if: (i) a prepaid room is booked directly with the subject hotel and the subject reservation is a no-show or is otherwise cancelled beyond the refund deadline such that the hotel is entitled to and does retain the prepayment; or (ii) each of the three following requirements are satisfied: (a) the subject hotel accepts prepayment for the subject room through a third party provider; (b) the subject reservation is a no-show or is otherwise cancelled beyond the refund deadline such that the hotel is entitled to and does retain the prepayment; and (c) the Surcharge is a separate line item charge collected as part of the prepayment by the third party provider. In the instance of a prepaid room booked directly with a hotel for multiple nights, the hotel is only required to pre-collect and remit the Surcharge for the number of nights equal to the number of nights for which a no show or cancellation will be penalized, per each property’s internal policies. By way of example, if a hotel accepts a direct, prepaid reservation for seven (7) nights, and will impose a cancellation or no-show penalty equal to the cost of two (2) nights, the hotel is only required to pre-collect and remit two (2) nights of Surcharge in the event of a no-show or cancellation of the subject reservation beyond the refund deadline.

9) Q – Who is exempt from the Tourism Surcharge?

A – The Tourism Surcharge must not be applied for any time during which the room is provided to a guest free of charge. Should a guest receive a complimentary room but be required to pay a resort fee or other mandatory fee, the exemption no longer applies, as gross receipts have been received by the property, and the room is therefore subject to the surcharge.

10) Q – Does the surcharge apply to guests who use corporate “rewards” (i.e. Marriott Rewards, Hyatt Passport, etc.) for rewards stay?

A – The property is receiving compensation for the rental of a room under the rewards program. If room and tax revenue is received by the property, the surcharge fee is due and payable to the RSCVA.

11) Q – How is the Tourism Surcharge filed on the monthly tax return?

B – The Tourism Surcharge is reported on line 14 of the tax return (previously “Capital Improvements Surcharge”) and is automatically calculated (if using online filing) based on the combined taxable, 28-day exempt and government exempt room nights (line B, F, & G).

Updated information can be found on the RSCVA website at: www.visitrenotahoe.com/about-us/finance-accounting. You may also contact the RSCVA Room Tax Department at: taxdepartment@rscva.com or (775) 827-7743.