



Legislation Text

File #: 2019-0225, **Version:** 1

Consider a resolution authorizing the Mayor to execute a Professional Consulting Services Agreement with Avenu Insights and Analytics for Hotel Occupancy Tax analysis and audit services.

The City of Round Rock levies a Hotel Occupancy Tax (HOT) of seven percent (7%) and a venue tax of two percent (2%) on qualified room stays costing more than two dollars per night in hotels, motels, bed and breakfasts, and miscellaneous short-term rental facilities. As of September 30, 2018 the City had a total of 31 establishments with four (4) more coming online this year. Those establishments collect taxes and remit them directly to the Finance Department, who administers the tax. Total tax revenues for FY2018 totalled \$5.7 million.

The objective of the audit is to determine whether hotels are remitting revenue to the Finance Department in accordance with City and State laws and to provide the lodging providers information on applicable State and City laws and City requirements for documentation and remittance of taxes.

In January, the City solicited a consulting services agreement for a qualified firm with HOT audit experience. City staff evaluated three proposals based on the criteria of technical solution and program, prior experience and qualifications and cost. It was determined during this evaluation that Avenu Insights and Analytics was the best value for the City in all three criteria. This agreement is for five (5) years with a not to exceed amount of \$85,950.

Avenu will work as an extension of City staff to review the City's ordinance requiring the collection and payment of HOT and audit the lodging providers. The audits will include providing any best business practice recommendations for resolving any audit discrepancies, identifying all establishments within the corporate city limits, reviewing establishments' internal controls, educating any non-complying establishments about City and State laws, testing amounts calculated and paid over the prior three (3) years, and issuing reports to the City on a monthly basis. The goal is to audit each hotel at least once in the five (5) year duration of the agreement.

Cost: \$85,950.00

Source of Funds: General Fund