



We are reaching out to share information that may be of service to you regarding Transient Occupancy Tax (TOT) administration, as we all attempt to stay on top of changes caused by COVID-19. The HdL Lodging Tax team wishes you well, and we are looking to assist you in any way we can. Below is some information on hot topics that come up in our TOT administration every day. We will provide further updates to you as changes unfold and questions arise. HdL also provides a number of services on the business license side of things; please reach out to us if you are interested in this as well.

FORECASTING TOT DURING COVID-19

Forecasting TOT is going to be difficult in the short-term. Obviously, you should expect a dramatic decrease in revenue from hotels. But by how much?

Included below are links to articles HdL Lodging Tax encourages you to read. The first one is from Duetto, a company that researched lodging in Wuhan, China, who says cancellations at hotels saw a 29% increase during January, versus the prior year; and bookings in January were down 75% for stays in February, March, April. HdL agrees with Duetto's recommendation to shorten forecast periods. In this environment of rapid change, shortening forecasts increases accuracy and allows for more frequent updates.

The second article from Skift contains a message from Marriott CEO, Arne Soreson, who corroborated the 75% reduction in demand, and said during the height of the Wuhan containment, demand decreased by 90%. Tourism Economics, a company that tracks travel spending, predicts US travel industry revenue is expected to plummet 78% in April and May compared with the same period in 2019.

HdL's client forecasting through June includes TOT reductions between 75% and 90%, with a gradual rise in the third quarter.

TOT DEFERMENT

In these difficult times, as society battles COVID-19, the hospitality industry is affected as much or more than any other industry. HdL, while administering and auditing TOT for jurisdictions across California and Nevada, has had several requests from hotels wanting TOT deferment, or suspension of penalties and interest (P&I). We wish to be careful not to overstate the scope of the problem; although there have been several requests across the jurisdictions we administer, the vast majority of hotels filed and paid TOT for the February period as normal, without requesting deferment. In discussing the problem with the hotels requesting deferment, HdL finds it to be primarily a problem with liquidity and lack of disaster planning on part of these hotels.

While the vast majority of jurisdictions HdL is in contact with are not offering deferment at this time, we are aware of four that are deferring TOT in some form. One jurisdiction deferred TOT 60 days with a signed agreement that filings without payment would continue monthly as normal; business license compliance was also eased. Another jurisdiction deferred February and March TOT one month, while making no change to BID payment. Another is allowing staff to waive penalties on late payments, giving discretion for TOT and business license due dates to be pushed back up to 60 days.

If you need help crafting a response to deferment requests, or weighing out options, please reach out to us.

NEWS STORIES OF INTEREST TO TOT ADMINISTRATORS

1. [Duetto: Wuhan January Market Research](#)
2. [Skift: Article regarding Marriott CEO, Arne Soreson's Message to Employees](#)
3. [MIT Technology Report](#): An MIT Technology Report on what the new norm for social distancing may be is quite alarming, suggesting this is the first of many shutdowns, up to 18 months. This graph indicated the repeat of closures and isolation periods.
4. [World Travel and Tourism Council: Hospitality Jobs at Risk](#)
5. [CalMatters: CA Economy](#)
6. [Slate: Hospital Rooms and Hotels](#)