
**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 2018

BILL DE BLASIO, MAYOR

JACQUES JIHA, PH.D., COMMISSIONER

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**REPORT PREPARED BY THE
DIVISION OF TAX POLICY
AUGUST 2019**

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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 2018**

**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 |
| Under \$10K | 141 | 14.9 % | 43 | 0.1 % | \$79 | \$281 | \$360 | 0.1 % |
| \$10K - \$25K | 46 | 4.9 | 92 | 0.2 | 176 | 606 | 783 | 0.1 |
| \$25K - \$50K | 37 | 3.9 | 154 | 0.4 | 308 | 1,093 | 1,401 | 0.2 |
| \$50K - \$100K | 76 | 8.0 | 660 | 1.7 | 1,295 | 4,368 | 5,663 | 0.9 |
| \$100K - \$200K | 144 | 15.2 | 2,116 | 5.4 | 4,190 | 16,357 | 20,547 | 3.3 |
| \$200K - \$300K | 67 | 7.1 | 1,465 | 3.8 | 2,930 | 13,594 | 16,524 | 2.7 |
| \$300K - \$400K | 42 | 4.4 | 1,216 | 3.1 | 2,431 | 12,217 | 14,648 | 2.4 |
| \$400K - \$500K | 40 | 4.2 | 1,404 | 3.6 | 2,808 | 15,195 | 18,002 | 2.9 |
| \$500K - \$1M | 141 | 14.9 | 6,653 | 17.1 | 13,301 | 86,186 | 99,487 | 16.0 |
| \$1M - \$1.5M | 70 | 7.4 | 4,991 | 12.8 | 9,972 | 74,002 | 83,974 | 13.5 |
| \$1.5M - \$2M | 28 | 3.0 | 2,688 | 6.9 | 5,376 | 43,863 | 49,240 | 7.9 |
| \$2M - \$2.5M | 22 | 2.3 | 2,880 | 7.4 | 5,759 | 43,461 | 49,220 | 7.9 |
| \$2.5M - \$4M | 33 | 3.5 | 5,698 | 14.7 | 11,396 | 93,394 | 104,790 | 16.8 |
| More than \$4M | 11 | 1.2 | 3,337 | 8.6 | 6,675 | 63,297 | 69,972 | 11.2 |
| Remarketers | 48 | 5.1 | 5,486 | 14.1 | 10,972 | 77,410 | 88,382 | 14.2 |
| TOTAL | 946 | 100.0 % | 38,882 | 100.0 % | \$77,668 | \$545,325 | \$622,993 | 100.0 % |

**HOTEL ROOM OCCUPANCY TAX
TAX YEAR 2018**

**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 | 597 | 63.1 % | 28,510 | 73.3 % | \$56,998 | \$424,890 | \$481,888 | 77.4 % |
| Bronx | 28 | 3.0 | 410 | 1.1 | 769 | 2,168 | 2,937 | 0.5 |
| Brooklyn | 104 | 11.0 | 1,703 | 4.4 | 3,387 | 17,144 | 20,531 | 3.3 |
| Queens | 140 | 14.8 | 2,566 | 6.6 | 5,130 | 21,715 | 26,845 | 4.3 |
| Staten Island | 10 | 1.1 | 152 | 0.4 | 304 | 1,175 | 1,479 | 0.2 |
| Not Available | 19 | 2.0 | 54 | 0.1 | 108 | 822 | 930 | 0.1 |
| Remarketers | 48 | 5.1 | 5,486 | 14.1 | 10,972 | 77,410 | 88,382 | 14.2 |
| TOTAL | 946 | 100.0 % | 38,882 | 100.0 % | \$77,668 | \$545,325 | \$622,993 | 100.0 % |

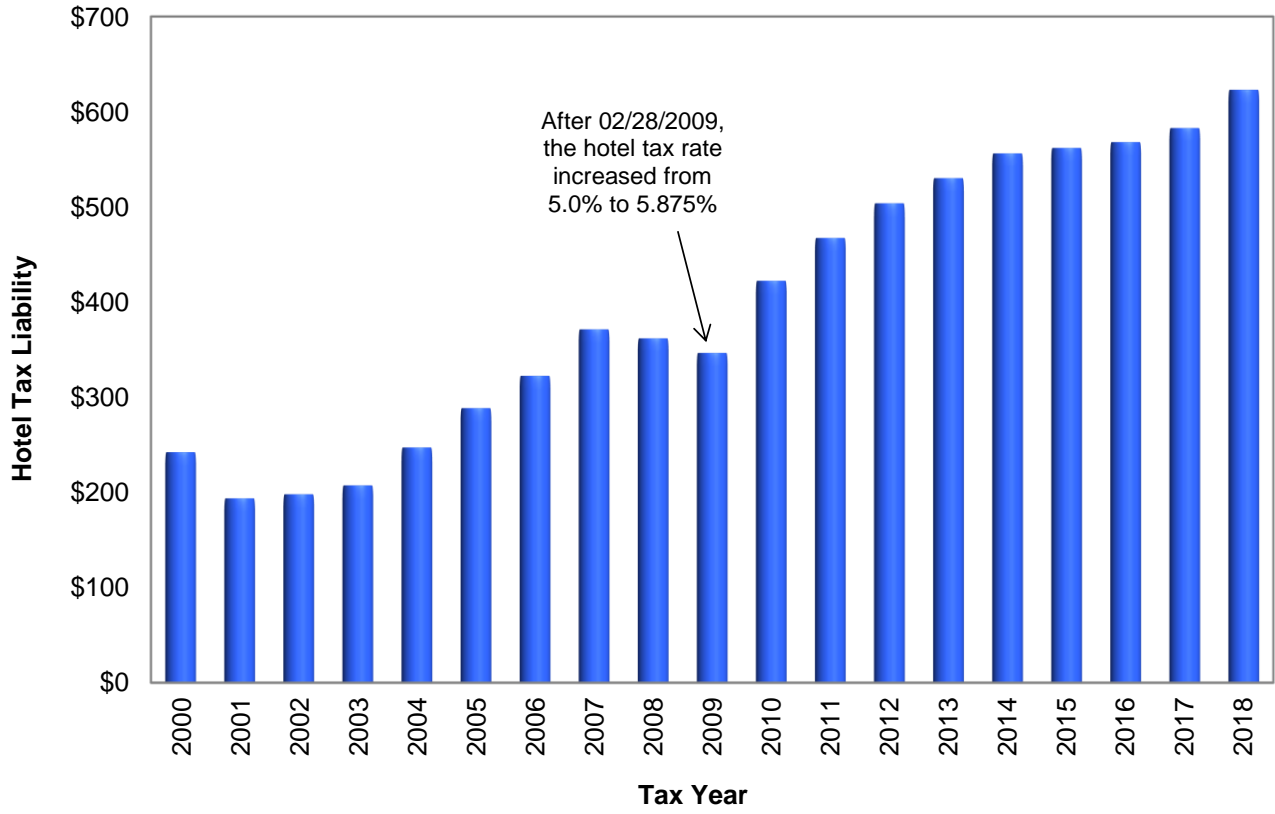
**HOTEL ROOM OCCUPANCY TAX
TAX YEAR 2018**

**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 |
| Under \$40 or Unavailable | 16 | 1.7 % | 157 | 0.4 % | \$240 | \$353 | \$592 | 0.1 % |
| \$40 - \$100 | 141 | 14.9 | 2,498 | 6.4 | 4,994 | 11,396 | 16,390 | 2.6 |
| \$100 - \$150 | 170 | 18.0 | 3,245 | 8.3 | 6,486 | 24,672 | 31,158 | 5.0 |
| \$150 - \$200 | 174 | 18.4 | 6,232 | 16.0 | 12,464 | 65,056 | 77,520 | 12.4 |
| \$200 - \$250 | 181 | 19.1 | 9,205 | 23.7 | 18,396 | 121,425 | 139,820 | 22.4 |
| \$250 - \$300 | 78 | 8.2 | 5,024 | 12.9 | 10,047 | 80,975 | 91,023 | 14.6 |
| \$300 - \$350 | 65 | 6.9 | 4,181 | 10.8 | 8,363 | 79,866 | 88,229 | 14.2 |
| \$350 - \$400 | 25 | 2.6 | 1,088 | 2.8 | 2,175 | 23,346 | 25,522 | 4.1 |
| \$400 - \$500 | 19 | 2.0 | 941 | 2.4 | 1,882 | 23,645 | 25,526 | 4.1 |
| \$500 - \$700 | 12 | 1.3 | 334 | 0.9 | 669 | 10,980 | 11,648 | 1.9 |
| More than \$700 | 17 | 1.8 | 490 | 1.3 | 981 | 26,202 | 27,183 | 4.4 |
| Remarketers | 48 | 5.1 | 5,486 | 14.1 | 10,972 | 77,410 | 88,382 | 14.2 |
| TOTAL | 946 | 100.0 % | 38,882 | 100.0 % | \$77,668 | \$545,325 | \$622,993 | 100.0 % |

HOTEL ROOM OCCUPANCY TAX

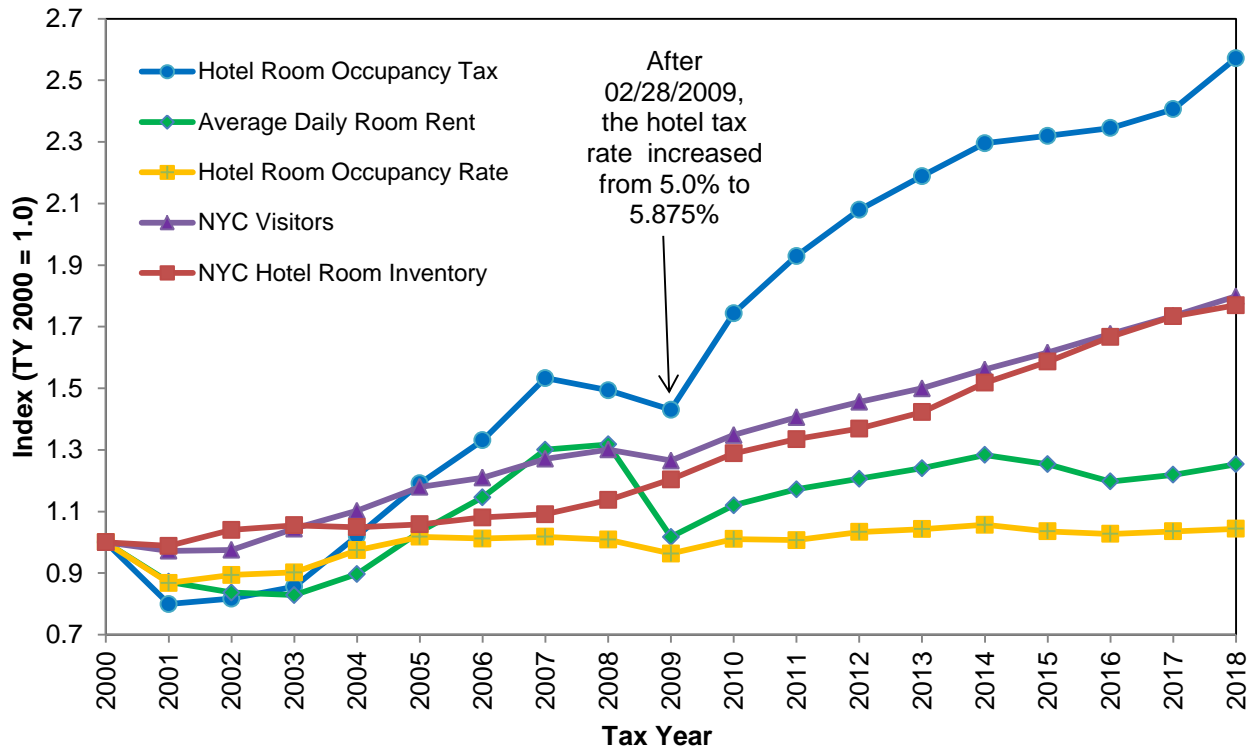
Figure 1
LIABILITY
TAX YEARS 2000 – 2018
(\$ MILLIONS)



HOTEL ROOM OCCUPANCY TAX

Figure 2
LIABILITY COMPARED TO NYC VISITORS,
AVERAGE DAILY ROOM RENT, ROOM INVENTORY AND OCCUPANCY RATE
TAX YEARS 2000 – 2018

- Hotel room occupancy tax liability has continued to increase every year since 2009. In 2018, liability increased 7 percent.
- All measures below increased from 2017 to 2018.



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.