

To take advantage of the exemption from hotel tax, a nonprofit organization must have an exemption letter from the Comptroller's office. Qualifying organizations must apply for and receive a specific exemption from hotel tax.

Generally, groups will have to submit a written description of the organization's activities and a copy of the articles of incorporation or constitution and bylaws. A statement of income, assets, and liabilities may also be required.

See **Comptroller Rule 3.161** for definitions of exempt organizations. For more information on qualifying and applying for a letter of exemption, visit the Comptroller's website at <http://window.state.tx.us/taxinfo/exempt/index.html>, or contact the Comptroller's office toll-free at 1-800-252-1385.

Government

Employees of U.S. government agencies (including military personnel) traveling on official business are exempt from state and local hotel taxes.

With few exceptions, employees of state agencies, boards, commissions, and institutions are not exempt and must pay state and local hotel taxes. Texas state agencies may request a refund of the hotel tax paid. Designated Texas state employees - mostly judicial officials, heads of agencies, and members of state boards and commissions and the Texas Legislature - are issued a special hotel tax exemption photo ID or card and are exempt from the state, city, and county hotel taxes.

Contractors working for the State of Texas or the federal government are not exempt.

Diplomatic personnel with a tax exemption card issued by the U.S. Department of State are exempt from state, city, and county hotel taxes, unless the card specifically excludes hotel taxes.

Employees of city and county governments are not exempt from state and local hotel taxes.

Specific Nonprofit Entities

When traveling on official business, employees of some nonprofit entities are exempt from state and local hotel taxes. The qualifying entity must have a letter of hotel tax exemption issued by the Comptroller's office.

Based on our records, examples include certain nonprofit electric cooperatives, nonprofit telephone cooperatives, nonprofit housing authorities, housing finance corporations, public facility corporations, health facilities development corporations and cultural education facilities finance corporations.

The employee should write the reason for exemption on the certificate. For example, "exempt per Electric Cooperative Act, Utilities Code, Chapter 161" or "exempt per Telephone Cooperative Act, Utilities Code, Chapter 162."

Permanent Residents (30-Day Rule)

Guests who occupy a hotel room for 30 or more consecutive days are considered permanent residents and are exempt from hotel tax. There can be no interruption of payment during that period.

Guests who notify the hotel in writing of their intention to stay 30 or more consecutive days will be exempt from the date of notification. Guests who do not notify the hotel must pay the tax for the first 30 days and thereafter will be exempt.

Exemption Certificates

Anyone claiming a hotel tax exemption must provide a Texas Hotel Occupancy Tax Exemption Certificate. Hotels must keep a copy of the signed certificate to show why tax was not collected. One exemption certificate can be used to claim exemption for more than one room. Exemption certificates can be accepted in good faith when presented with the following supporting documentation:

- federal employees traveling on government business - a valid government identification card;
- designated Texas state employees - a special hotel tax exemption photo ID or card that states holder is exempt from hotel occupancy taxes;
- foreign diplomats - a tax exemption card issued by the US Department of State that exempts diplomat or mission from hotel occupancy tax, unless the card specifically excludes hotel tax;
- employees and representatives of a specific nonprofit entity or a nonprofit charitable, educational, or religious organization traveling on organization business - a Comptroller's letter of hotel tax exemption or verification that the organization is on the Comptroller's list of exempted entities, such as a printed copy of the Comptroller's website listing the organization as exempt for hotel tax.

For the online list of organizations that have received a letter of hotel tax exemption, visit the Comptroller's Web site at http://window.state.tx.us/taxinfo/exempt/exempt_search.html.

Hotel rules, forms, and other information are online at <http://window.state.tx.us/taxinfo/hotel/index.html>

Need More Assistance?

- Email us at tax.help@cpa.state.tx.us
- Call us toll free.
- Visit one of our local field offices.

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