Summary of 2025 Hotel and Motel Room Occupancy Tax Audits

By Onondaga County Comptroller Martin D. Masterpole

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Background

On December 1, 1975, Onondaga County (County) adopted Local Law No. 4-1975, the Onondaga County Hotel Room Occupancy Tax Law, which permitted the County to collect a 2% "room occupancy" tax on the per diem rental charge of a hotel or motel room in Onondaga County. Since 1975 this local law has been amended several times, resulting in an increase in the room occupancy tax percentage. Most recently, the rate increased to 7% on March 1, 2021 with Local Law No. 1-2021. In addition to setting the room occupancy tax percentage, the Onondaga County Hotel Room Occupancy Tax Law also:

- Appoints the County Commissioner of Finance (Commissioner) as the administrator and collector of the occupancy tax.
- Requires all operators of hotels and motels to register with the Commissioner within three days from filing a certificate of registration in a form set by the Commissioner.
- Requires the Commissioner within five days after such registration to issue each hotel/motel a Certificate of Authority empowering such hotel/motel to collect the tax from the occupants.
- Requires the Room Occupancy Tax collected by the hotel/motel to be paid to the Commissioner quarterly and recorded within the County General Fund.

In 2025, the Onondaga County Office of Management & Budget collected Room Occupancy Taxes in the amount of $13,789,654.64 from 140 hotel/motels. The Onondaga County Comptroller's Office audited 34 of those hotel/motels for compliance with the County's Hotel Room Occupancy Tax Law.

Audit Objective

The objective of the Room Occupancy Tax audits is to determine if hotel/motels are accurately reporting all required Room Occupancy Tax to the Commissioner. Any difference between the amount required to be collected by the hotel/motels during the audit period and the amounts they actually reported are identified and reported to the Commissioner.

Scope & Methodology

The annual Room Occupancy Tax audit schedule is compiled by reviewing a master list of all hotels and motels in Onondaga County. Prior to conducting the audit, a letter is sent to aa hotel/motel to announce the audit and to schedule a conference call to discuss the timeline and specifics of the audit. The letter identifies the auditor that's been assigned, a proposed date and time of the audit, the period subject to audit and the records and documentation required. In follow-up the Comptroller's Office also conducts a pre-audit conference call during which the auditors answer any questions hotel/motel management may have.

Criteria

Criteria for each Room Occupancy Tax audit includes all relevant laws, regulations, contracts, standards, measures, expected performance, defined business practices and benchmarks against which performance is compared or evaluated. These include:

- Onondaga County, New York Hotel/Motel Room Occupancy Tax Law (Local Law No.4-1975) and amendments Local Law No. 5-1983, Local Law No. 11-1991, Local Law No. 15-1991, Local Law No. 20-1991, Local Law No. 1-1997 and Local Law No. 1-2021
- New York State Tax Law Sec. 1202-1 (State Law) and NYS Publication 848A Guide to Sales Tax for Hotel and Motel Operators
- The Comptroller's Office Room Occupancy Tax audit process
- Best practice according to recognized generally accepted accounting principles within the pertinent industry as it relates to Room Occupancy Tax

Findings

In 2025 the Comptroller's Office examined tax returns and other documentation for 34 hotels/motels. Across the three-year audit period the hotels/motels reported $228,104,401 in taxable revenue and collected $15,967,308 in Room Occupancy Tax.

The Comptroller's Office discussed the findings of all audits with the hotel/motels prior to written notification of the audit results being sent to them. The audits found hotel/motels non-compliant with one or more of the audit criteria listed below:

- Not charging Room Occupancy Tax against pet fee revenue
- Not charging Room Occupancy Tax against cot fee or roll-away bed revenue
- Not reconciling internal reports such as exempt guest stay reports to accounting reports
- Not charging the Room Occupancy Tax rate of 7% to comply with Local Law No. 1 – 2021
- Not submitting collected Room Occupancy Tax to the County
- Lack of documentation to support guest's tax-exempt status
- Inaccurately completing the Room Occupancy Tax quarterly returns

Summary

The combination of additional Room Occupancy Tax and related interest and penalties produced by these audits resulted in **$246,903.56** in additional revenue for the benefit of the taxpayers of Onondaga County.