TOT Audit Division
8839 N. Cedar Avenue #212
Fresno, CA 93720

HdL Lodging Tax

Telephone: (559) 221-4710
Email: totaudit@hdlcompanies.com

March 6, 2024

[redacted]

Re: Transient Occupancy Tax – Common Findings

Dear Lodging Provider:

As you are aware, the City of Morro Bay has contracted with HdL Companies to provide Transient Occupancy Tax (TOT) audit services. During the initial audit round, there was a question regarding whether guest charges such as booking and damage fees passed on to guest may be excluded from taxable rent for Transient Occupancy Tax (TOT) purposes. We are writing this letter to provide clarification to all lodging providers regarding this matter.

Please be aware that the following listed below, charged to guest, must be included in taxable rent for TOT purposes.

- Booking Fees
- Cancellation Fees
- Cleaning Fees
- Credit Card Charges Passed to Guest
- Deposit Forfeited
- Early Check-In Charges
- Extra Person Fees
- Late Check Out Charges
- No Show Charges
- Pet Fees-additional Cleaning Fee
- Resort Fees-Standard
- Rollaway Bed Fee
- Room Safe Fee-Standard
- Smoking/Pet Damages Fee

The definition of rent is the basis for the City of Morro Bay's determination, as all charges exacted for the rent of the room are to be considered taxable rent without any deduction therefrom. The above list is illustrative and not an exhaustive list of all guest charges. Should you have any questions about which fees to include in your TOT, please contact Melissa Green, Senior Budget Analyst with the City of Morro Bay at magreen@morrobayca.gov or call (805) 772-6218.

Please verify the manner in which your organization treats these fees and make any necessary corrections no later than March 31, 2024.

Best Regards
City of Morro Bay
TOT Audit Division