

BILL NO. 18-23

1st Reading: _____

2nd Reading: _____

**CITY OF NEWARK
DELAWARE**

ORDINANCE NO. 18-__

An Ordinance Amending Chapter 13, Finance, Revenue and Taxation, Code of the City of Newark, Delaware, By Instituting a Lodging Tax for All Hotels, Motels, and Tourist Homes in the Corporate Limits of the City of Newark Effective December 1, 2018

THE COUNCIL OF THE CITY OF NEWARK HEREBY ORDAINS:

That Chapter 13, Finance, Revenue and Taxation, Code of the City of Newark, Delaware, be hereby amended in the following respects:

AMENDMENT 1. Create a new Article XIII, Lodging tax, by adding the underscored text as follows:

“ARTICLE XIII. – LODGING TAX

Sec. 13-133. – Lodging tax.

- (a) A tax is hereby imposed of three percent (3%) of the cost of the rent, in addition to the amount imposed by the state, for any room or rooms in a hotel, motel or tourist home, as defined in 30 Del. C. §6101, which are located within the boundaries of the city.
- (b) The lodging tax is imposed on the occupant and shall be collected by the operator of the hotel, motel or tourist home from the occupant at the time of the payment of the rent for the occupancy
- (c) The amount of the tax collected for each month shall be reported and remitted to the Finance Department within the City of Newark within 20 days after the end of the calendar month.
- (d) No lodging tax pursuant to this section shall be imposed for reservations or contracts for lodging that were paid in full prior to December 1, 2018.
- (e) Late penalty. All lodging taxes unpaid after the prescribed due date shall incur an interest charge of 1½% per month. Upon written notice and supporting documentation, the Director of Finance is hereby authorized to abate late payment penalty as necessary.
- (f) Determination. If any operator fails to pay any lodging tax for which he or she is liable, the City of Newark may determine the additional tax and penalty due by such person or entity, based upon any information within its possession or that shall come into its possession. All determinations

shall be made so that notice thereof shall be mailed to the person or entity against whom the determination was made within three (3) years after the due date the lodging tax became due.

(1) Copy of determination to person; petition of redetermination; duty for disposition of petitions; notice of final decision. Promptly after the date of such determination, the City of Newark shall send, by certified mail to the physical address of the operator, a copy thereof to the person or entity against whom such determination was made. Within ninety (90) days thereafter, the operator may file with the City of Newark a petition for redetermination of such taxes. The petitioner shall state with specificity the reasons the petitioner believes justify redetermination and shall affirm under penalty of perjury that the petition for redetermination is not made for the purpose of delay and that the facts set forth therein are true. The Director of Finance shall make a final decision within six (6) months after the date of receipt of the petition and promptly provide written notice thereof to the petitioner.

(g) A fixed amount of this revenue may be dedicated each fiscal year toward the promotion of tourism within the City of Newark. The amount and the specific organization to which the funds may be given is to be determined by council as part of the annual budget process. The appropriation of this revenue for the purposes of tourism shall not commence until the Fiscal Year 2020 budget process unless separate legislation is passed to designate an appropriation for an earlier time.”

MOTION for Acceptance as First Reading on _____, 2018.

by Council Member _____.

Second Reading and Final Passage on _____, 2018.

VOTE: __ to __.

Mayor

Attest:

City Secretary

Approved as to Legality & Form:

City Solicitor



**CITY OF NEWARK
DELAWARE**

September 14, 2018

TO: Mayor and City Council

VIA: Thomas Coleman, Acting City Manager

FROM: David Del Grande, Director of Finance

SUBJECT: Ordinance 18-23 - An Ordinance Amending Chapter 13, Finance, Revenue and Taxation, Code of the City of Newark, Delaware, By Instituting a Lodging Tax for All Hotels, Motels, and Tourist Homes in the Corporate Limits of the City of Newark Effective December 1, 2018

HB435, which amended Newark's charter to allow Council to approve a lodging tax of up to 3% was signed by the governor on July 1. During the July 23 Council meeting, Council gave direction to staff to draft an ordinance for introduction that included a lodging tax of 3%, and provided an option for the City to utilize lodging tax funds to promote tourism within the City of Newark.

Upon approval by Council, the lodging tax will be effective on December 1, 2018. The program will be administered by the Finance Department, and staff is presently working on the required forms and website which will contain all the information necessary for the program. Upon adoption of this ordinance, all impacted businesses will be notified of the new requirement and provided filing instructions. If this legislation was to pass on October 8, notification would be submitted to the hotels/motels within one week for the hotel industry to have sufficient notice.

All lodging taxes due to the City of Newark would be required to be made by the 20th of each month. The December 2018 lodging tax bill would be due by January 20, 2019.