LODGERS’ TAX UPDATE 2019
SENATE BILL 106

Presented by the City of Farmington
December 10, 2019
Farmington Civic Center
CITY OF FARMINGTON

FINANCE DIVISION
Natasha Arthur - Accountant (505) 599-1212
Robert Lewis - Lodgers’ Tax Coordinator (505) 599-1217

CITY CLERK
Dianne Smylie - City Clerk (505) 599-1106

COMMUNITY WORKS
Beth Escobar - Planning Manager (505) 599-1285

CONVENTION AND VISITORS BUREAU
Tonya Stinson - Executive Director (505) 326-7602
Exemptions Allowed
Senate Bill 106
Exemptions Not Allowed
Business Registration
Lodgers’ Tax Remittance Form
NO CASH accepted in Finance Office
Late Payment Interest and Penalty
How to Have a Successful Audit
How to Contact Us
Glossary
According to the Farmington Municipal Code, (Sec 8-12-7) Lodgers’ Tax imposed shall not apply in the following circumstances:

A. if a vendee:
   1) has a permanent resident of the taxable premises for a period of at least 30 consecutive days; or
   2) enters into or has entered into a written agreement for lodging at the taxable premises for a period of at least 30 consecutive days;

B. if the rent paid by a vendee is less than $2.00 a day;

C. to lodging accommodations at institutions of the federal government, the state or any political subdivision thereof;
D. to lodging accommodations at religious, charitable, educational or philanthropic institutions, including accommodations at summer camps operated by such institutions;

E. to clinics, hospitals, or other medical facilities; or

F. to privately owned and operated convalescent homes for the aged, infirm, indigent or chronically ill.

G. if the vendor does not offer at least three rooms within or attached to a taxable premises for lodging or at least three other premises for lodging or a combination of these within the taxing jurisdiction.
Governor Michelle Lujan Grisham signed Senate Bill 106 into law on February 4, 2019, officially eliminating Exemption G from the Lodgers' Tax Statute.

- Exemption G - If the vendor does not offer at least three rooms within or attached to a taxable premises for lodging or at least three other premises for lodging or a combination of these within the taxing jurisdiction.
Lodgers’ Tax: What Is Not Exempt?

- The following is **not** an allowed exemption from Gross Rent in accordance with the City Code:
  - Receipts from the rental of lodging in hotels, motels and facilities of the same nature to 501 (c)(3) Nonprofit organizations are not to be excluded from Gross Rents.
  - Receipts from the rental of lodging in hotels, motels and facilities of the same nature to federal, state or local governmental agencies are not to be excluded from Gross Rents.

Please note- The guidance provided only represents Lodgers’ Tax as imposed by the City of Farmington. This information does not in any way reflect on the rules and regulations of the New Mexico Taxation and Revenue Department.
The Business Registration Application is available from the City’s website at [www.fmtn.org](http://www.fmtn.org) or you can apply in-person at the Business Registration office at City Hall (800 Municipal Drive).

- $35 Annual Business Registration Fee
- Calendar year basis and are not prorated.
- We accept:
  - Exact Cash
  - Checks
  - Credit Cards
QUESTIONS??
# Lodgers’ Tax Remittance Form for Occupancy Rentals

**CITY OF FARMINGTON**  
Lodgers’ Tax Report

**CITY OF FARMINGTON**  
FINANCE DIVISION  
800 MUNICIPAL DRIVE  
FARMINGTON, NEW MEXICO 87401  
Lodgers’ Tax Report

**OCCUPANCY RENTALS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROSS TAXABLE RENT (A)</td>
<td>$</td>
</tr>
<tr>
<td>Tax Due (5% of Gross Taxable Rent Less Excluded Rents) (A x 0.05)</td>
<td>$</td>
</tr>
<tr>
<td>Interest Paid</td>
<td>$</td>
</tr>
<tr>
<td>Penalty Paid</td>
<td>$</td>
</tr>
<tr>
<td>Total Remitted</td>
<td>$</td>
</tr>
</tbody>
</table>

For assistance call (505) 599-1217 or email lodgerstax@fmtn.org

**TAX DUE BY 20TH OF FOLLOWING MONTH**

New Mexico Taxation & Revenue  
CRS Number

<table>
<thead>
<tr>
<th>Vendor Name and Address:</th>
</tr>
</thead>
</table>

I (we) swear or affirm that this report is true and correct to the best of my (our) knowledge and belief.

Signature ________________________________  
Title ________________________________

SAN JUAN PRINTING 111918F
HOW TO COMPLETE THE FORM:
Enter “Month Of”- Enter the month and year the Gross Rents were collected.

MONTH OF: January 2020

For assistance call (505) 599-1217 or email lodgerstax@fmtn.org

TAX DUE BY 20TH OF FOLLOWING MONTH

New Mexico Taxation & Revenue CRS Number

Vendor Name and Address:

I (we) swear or affirm that this report is true and correct to the best of my (our) knowledge and belief.

Signature

Title

SAN JUAN PRINTING 111918F
Enter the total Gross Taxable Rent.

MONTH OF: January 20

GROSS TAXABLE RENT (A) $500.00

Tax Due (5% of Gross Taxable Rent Less Excluded Rents) (A x $0.05)

Interest Paid

Penalty Paid

Total Remitted

RETAIN THIS STUB FOR YOUR RECORDS

RETURN THIS PORTION WITH REMITTANCE
HOW TO COMPLETE THE FORM:
Subtract the excluded rents from the Gross Taxable Rent.
Multiply the resulting number by 5% to determine the Tax Due.

MONTH OF: January 2020

GROSS TAXABLE RENT (A) $500.00
Tax Due (5% of Gross Taxable Rent Less Excluded Rents) (A x $0.05) $25.00
Interest Paid
Penalty Paid
Total Remitted

RETURN THIS STUB FOR YOUR RECORDS

MONTH OF: January 2020

GROSS TAXABLE RENT (A) $500.00
Tax Due (5% of Gross Taxable Rent Less Excluded Rents) (A x $0.05) $25.00
Interest Paid
Penalty Paid
Total Remitted

RETURN THIS PORTION WITH REMITTANCE

For assistance call (505) 599-1217 or email lodgerstax@fmtn.org
TAX DUE BY 20TH OF FOLLOWING MONTH
New Mexico Taxation & Revenue CRS Number
Vendor Name and Address:
I (we) swear or affirm that this report is true and correct to the best of my (our) knowledge and belief.
Signature
Title

SAN JUAN PRINTING 111918F
Enter any Penalty or Interest due.
**HOW TO COMPLETE THE FORM:**

Add the Tax Due + Interest + Penalty = Total Remitted.

<table>
<thead>
<tr>
<th>CITY OF FARMINGTON Lodgers' Tax Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>CITY OF FARMINGTON FINANCE DIVISION</td>
</tr>
<tr>
<td>800 MUNICIPAL DRIVE</td>
</tr>
<tr>
<td>FARMINGTON, NEW MEXICO 87401</td>
</tr>
<tr>
<td>Lodgers' Tax Report</td>
</tr>
</tbody>
</table>

**OCCUPANCY RENTALS**

<table>
<thead>
<tr>
<th>MONTH OF: January 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500.00</td>
</tr>
<tr>
<td>$25.00</td>
</tr>
<tr>
<td>$5.32</td>
</tr>
<tr>
<td>$100.00</td>
</tr>
<tr>
<td>$130.32</td>
</tr>
</tbody>
</table>

**TAX DUE BY 20TH OF FOLLOWING MONTH**

For assistance call (505) 599-1217 or email lodgerstax@fmtn.org

**New Mexico Taxation & Revenue CRS Number**

<table>
<thead>
<tr>
<th>Vendor Name and Address:</th>
</tr>
</thead>
</table>

I (we) swear or affirm that this report is true and correct to the best of my (our) knowledge and belief.

Signature __________________________

Title __________________________

San Juan Printing 111918F
HOW TO COMPLETE THE FORM:
Enter the Vendor CRS number, Name and Address. Sign and Date the form.

For assistance call (505) 599-1217 or email lodgerstax@fmtn.org

TAX DUE BY 20TH OF FOLLOWING MONTH

06 176964 007

New Mexico Taxation & Revenue
CRS Number

Away from Home Rentals
216 Happy Lane
Farmington, NM 87401

I (we) swear or affirm that this report is true and correct to the best of my (our) knowledge and belief.

Signature X

RETURN THIS PORTION WITH REMITTANCE

SIGN & DATE!
No CASH payments are accepted at the City of Farmington Finance Office. We accept:

- Money Orders
- Cashier’s Checks
- Credit/Debit Cards
- Personal Checks with proper ID
- Working on implementing Online Payments
QUESTIONS??
Penalty: A civil penalty equal to 10% of estimated tax or $100, whichever is greater for all taxes remitted after the due date.

Interest: Interest of 1% per month shall accrue on the estimated tax and penalty.

Any vendor who fails to report the lodger’s tax and remit proceeds thereof by the 20th day of each month for sales in the preceding calendar month will be charged interest and penalty.
HOW TAX IS ESTIMATED

- Estimated tax due will be calculated using one of the following methods:

  1. **METHOD 1** - Take an average of the tax payments remitted for the previous months and adjust the tax amount by the percent increase or decrease payment trend.

- For Example - Away From Home Rentals

  2020 Payments
  
<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$500</td>
</tr>
<tr>
<td>February</td>
<td>$400</td>
</tr>
<tr>
<td>March</td>
<td>Missing</td>
</tr>
</tbody>
</table>

  Average Taxes Paid in previous months = $450.00
  Payment Trend - 4% overall decrease
  Estimated Tax is $432.00

Previous Months’ Average Tax Paid x Sales Trend = Estimated Tax
HOW TAX IS ESTIMATED (CONT.)

1. **METHOD 2**-Conduct an audit of vendor’s records to determine the amount of tax to be remitted.

Additional Notes-
- When using Method 1, once the actual tax due is determined, any penalty and interest must be adjusted to actual.
- File the form with the correct tax due without the payment so the correct interest and penalty can be assessed.
**PENALTY EXAMPLE:**

- Away From Home Rentals did not make the January 2020 payment.
  - The estimate tax is $432.00.
  - **Penalty**
    - $432.00 x 10% = **$43.20**

- Good Stuff RV Park did not make the January 2020 payment.
  - The estimate tax is $163.00.
  - **Penalty**
    - $163.00 x 10% = **$16.30**

**BUT**, it is the greater of 10% or $100.

So, in both cases the **Penalty Assessed = $100**
Away From Home Rentals did not make the January 2020 payment.

The estimate tax is $432.00.

Penalty is $100.00.

Total estimated due before interest is $532.00.

1\textsuperscript{st} month Interest-

$532.00 \times 1\% = \$5.32 \text{ Interest Assessed}

\text{Total Estimated Amount Due} = \$537.32

2\textsuperscript{nd} month Interest-

Total estimated amount due at end of 1\textsuperscript{st} month=$537.32

$537.32 \times 1\% = \$5.37 \text{ Interest Assessed}

\text{Total Estimated Amount Due} = \$542.69

This calculation will continue each month until the tax is paid.
QUESTIONS??
HOW TO HAVE A SUCCESSFUL AUDIT-

**Daily Sales by Accommodation**
- Include customer information.
- Rent excluded? If so, allowed?
- Discounts?

**Monthly Sales**
- Monthly total agree to Lodgers’ Tax Remittance form and CRS form?
- Breakout by payment type. (cash, check, credit card).

**Verified by Bank Statement**
- Trace cash and checks to deposits made into the bank account.
- Trace credit card batches to credit card statements and bank statement.
NEED TO TALK TO US ABOUT YOUR LODGERS’ TAX ACCOUNT?

Email: lodgerstax@fmtn.org
Phone: (505) 599-1217
Glossary:

- **Gross Taxable Rent**: total amount of rent paid for lodging, not including the state gross receipts tax or local sales taxes.

- **Lodging**: the transaction of furnishing rooms or other accommodations by a vendor to a vendee who for rent uses, possesses or has the right to use or possess the rooms or other units of accommodations in or at a taxable premises.

- **Rent**: the consideration received by a vendor in money, credits, property or other consideration valued in money for lodgings subject to an occupancy tax authorized in the Lodgers’ Tax Act.

- **Vendee**: a natural person to whom lodgings are furnished in the exercise of the taxable service of lodging.

- **Vendor**: a person or his/her agent furnishing lodgings in the exercise of the taxable service of lodging.

Please see the City of Farmington Lodgers’ Tax Code for other definitions. The code can be found at the City of Farmington website - www.fmttn.org.
QUESTIONS??

Thanks for coming!