

Officials back ordinance to resolve problem with delinquent room tax payments

Hotels and motels may soon need a permit to operate in Grafton, a requirement officials have endorsed as a way to ensure the village will receive more timely room tax payments.

The Finance Committee on Monday unanimously backed amending the village's room tax ordinance to include a permit provision. If adopted by the Village Board, the ordinance will require hotels and motels to pay \$50 for an annual permit to operate from July 1 to June 30, the same period used for other village licenses.

With the change, hotel and motel operators would have to adhere more closely to local regulations, including the payment of 7% room taxes to the village within 30 days of the end of each quarter, Village Administrator Darrell Hofland said.

"Other municipalities have reported problems with delinquent room tax payments and have enacted similar ordinances," he said.

Village officials began exploring the proposed change in response to delinquent room tax payments from the Baymont Inn & Suites, 1415 N. Port Washington Rd., Hofland said. The hotel, one of two that operate in Grafton, was late making payments for the second and third quarters of 2009 and has yet to make a fourth-quarter payment that was due Jan. 29, he noted.

After repeatedly notifying Baymont officials, the village received payments totaling \$43,812 for the second and third quarters but is still waiting for the fourth-quarter payment estimated at \$16,146, Hofland said.

According to a room tax report, the village's other hotel — the Hampton Inn & Suites, 2633 Washington St. — has made its two required quarterly payments since opening last fall. Those payments totaled \$43,079.

Altogether, the village expects to receive \$117,624 in room tax revenue for 2009, up from \$109,095 that was budgeted. The revenue total is projected to increase to \$153,337 in 2010 due to a full year of operation for the Hampton Inn & Suites, Hofland said.

Village will soon require hotels to have permits

Written by Steve Ostermann

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Like other municipalities, Grafton uses the revenue to help fund marketing efforts and offset debt payments. The village receives 5% of the revenue, with the balance going to the Grafton Area Chamber of Commerce and Celebrate Grafton, a committee formed last year to oversee the Giro d’Grafton, Holiday, Fall Pumpkin Festival and Pumpkin Cyclocross.

The ordinance amendment would give the village authority to deny a hotel permit based on delinquent payments or other violations.

“The permit requirement will allow the village to review other issues such as the number of police calls to a hotel,” Hofland said.

Hofland said Baymont Inn & Suites officials told the village the delinquent payments occurred because of miscommunication within the company and a loss of revenue due to the opening of the Hampton Inn & Suites.

The Village Board is expected to approve the ordinance change at its Monday, March 15, meeting.