**State Hotel Occupancy Tax FSS/PPS No. 03.18**

**Issue No. 5**

**Effective Date: 08/07/2020**

**Next Review Date: 07/01/2024 (E4Y)**

**Senior Reviewer: Associate Vice President for Financial Services**

**01. POLICY STATEMENTS**

* 1. The purpose of this document is to establish responsibility and policy regarding payment of state, city, and county hotel occupancy taxes by university employees.
	2. The document also ensures that policy conforms to the laws of the state of Texas.

01.03 State of Texas agencies, including institutions of higher education, are exempt from paying state hotel occupancy tax ([Tax Code Section 156.102](https://statutes.capitol.texas.gov/Docs/TX/htm/TX.156.htm)). However, educational organizations are required to pay city and county hotel occupancy taxes.

**02. GUIDELINES**

02.01 To qualify for exemption, the employee must be traveling on state business. An employee traveling for personal reasons is not exempt from hotel occupancy tax. To claim the exemption, the employee must present a [Texas Hotel Tax Exemption Certificate (Form 12-302)](https://gato-docs.its.txstate.edu/jcr%3A53477c11-c27c-4e7e-a3a2-3bbce6a9f5ac/Texas%20State%20Hotel%20Tax%20Exemption.pdf) to the hotel at the time of registration. The form is located on the university's [Payroll and Tax Compliance office webpage](https://www.txstate.edu/payroll/tax-compliance/forms.html), or the [State of Texas Comptroller's website](https://comptroller.texas.gov/).

02.02 The hotel operator has the right to request a government identification card, business card, or other form of identification to verify the exemption claimed. Therefore, it is recommended that Texas State faculty or staff members travel with their Texas State identification card.

02.03 As an educational organization, Texas State is prohibited from reimbursing the hotel occupancy tax for an employee who fails to present a properly completed exemption certificate.

If an employee presents a properly completed exemption certificate to a commercial lodging establishment and the establishment refuses to honor the certificate, Texas State will reimburse the employee all hotel occupancy taxes charged by the establishment. The employee must attach to their travel voucher a signed statement to document the hotel's refusal to accept the Exemption Certificate. Payment for this tax may not be made from state funds.

The Travel Office will then provide the State Comptroller's Office with the name of each establishment within Texas refusing to honor a properly completed and presented exemption certificate.

**03. REVIEWERS OF THIS PPS**

03.01 Reviewers of this PPS include the following:

Position Date

Associate Vice President for Financial July 1 E4Y

Services

Director of Accounting July 1 E4Y

Assistant Director of Accounting July 1 E4Y

Director of Payroll and Tax Compliance July 1 E4Y

**04. CERTIFICATION STATEMENT**

This PPS has been approved by the following individuals in their official capacities and represents Texas State Finance and Support Services policy and procedure from the date of this document until superseded.

Associate Vice President, Financial Services; senior reviewer of this PPS

Vice President for Finance and Support Services