



Tax Audit & Collections
20 East Main Street., Suite 450
PO Box 1466
Mesa, Arizona 85211-1466
(480) 644-2051 Tel
(480) 644-2687 Fax

February 8, 2007

RE: City of Mesa Transient Occupancy Tax

Dear Taxpayer:

This letter will serve as notice of tax changes that have occurred which may affect your reporting requirements and the imposition of the Mesa Transaction Privilege Tax as well as the Mesa Transient Occupancy Tax.

The Arizona Department of Revenue has issued a new tax ruling regarding the taxation of charges for goods, services or activities customarily provided in the course of the business of operating a transient lodging facility. TPR 06-1, which became effective January 1, 2007, discusses important reporting requirements (See the Arizona Department of Revenue website at <http://www.revenue.state.az.us/ResearchStats/rulings/TPR06-1p.pdf>).

Some activities may have a different City tax treatment from the State of Arizona. An Arizona Tax Matrix has been released to help identify the tax treatment of various activities you may encounter for both the State and the City. (See the Arizona Department of Revenue website at <http://www.azdor.gov/ResearchStats/rulings/TPR06-1%20Matrix.pdf>).

A transient is a person who obtains lodging for not more than 29 consecutive days. Long term rentals of more than 29 days would not be subject to the 3% Mesa Transient Occupancy Tax, if at the inception of the stay, your staff can reasonably determine that the guest will remain more than 29 consecutive days. In order for your staff to make this determination, the guest would either have to prepay the entire rental charge for more than 29 days or sign a binding lease covering a period of more than 29 consecutive days. If either the prepayment or signing of a lease occurs, then the entire stay, including the first 29 days, would be exempt from the Mesa Transient Occupancy Tax.

The fact that the guest may have actually stayed more than 29 consecutive days is not in itself sufficient to claim exemption from the tax. As stated above, prepayment or a binding lease must be present at the beginning of the stay. Without such prepayment or lease, the 3% Mesa Transient Occupancy Tax is applicable for the entire duration of the guest stay. See the Arizona Department of Revenue website at <http://www.revenue.state.az.us/ResearchStats/rulings/tpr94-5.htm> for the definition of "Transient".

Please note that the separate Mesa Transaction Privilege (Sales) Tax of 1.75% is applicable to all rental amounts regardless of the length of stay.

If you should have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Mickey Tait
Lead Tax Auditor
Phone: (480) 644-4643
Fax: (480) 644-2687
Email: mickey.tait@cityofmesa.org