

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 11/21/05		Item Number: <u>A-4</u>	
AGENDA ITEM: Action to Set a Date for a Hearing before the City Council on an Appeal by the LAX Plaza Hotel from the Tax Administrator's Transient Occupancy Tax Determination of November 10, 2005.			
Contact Person/Dept.: Crystal C. Alexander/City Treasurer's Office		Phone Number: (310) 253-5865	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☐	
Public Notification: Master Notification List on 11/18/05; LAX Plaza Hotel on 11/18/05			
Department Approval: Crystal C. Alexander 11/17/05		CAO Approval: Martin Cole for Jerry Fulwood 11/18/05	
City Controller Approval: Marlee Chang 11/18/05			

RECOMMENDATION:

That the City Council set a hearing date of November 28, 2005 to hear the appeal of the LAX Plaza Hotel.; and

That, no later than November 22, 2005, the City Clerk give written notice to LAX Plaza Hotel of the City Council's setting of a hearing on November 28, 2005 to hear the LAX Plaza Hotel's appeal.

BACKGROUND:

On October 12 and 13, 2005, pursuant to provisions of Culver City Municipal Code (CCMC) Section 11.02.135 concerning the failure to report and remit the collection of transient occupancy tax (TOT) the City Treasurer, as Tax Administrator, issued a notice of TOT assessment in an amount in excess of \$500,000 to the LAX Plaza Hotel.

On October 24, 2005, the Tax Administrator received a letter from the LAX Plaza Hotel, which was construed to be a request for hearing on the assessment. Accordingly, on October 27, 2005 the Tax Administrator scheduled such a hearing for November 8, 2005 and notified LAX Plaza Hotel of the scheduling of this hearing. Said notice also instructed that representatives of the City would visit the hotel premises on November 3, 2005, to inspect the TOT records, pursuant to CCMC Section 11.02.145. This inspection did occur.

A hearing was held in the City Council Chambers on November 8, 2005 from 10:00 am to 12:15 pm. Witnesses presenting evidence at the hearing included Mr.

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Nagam Rao, Treasury Manager (representing the City) and Mr. Don Kaaukai, Managing Partner, and Mr. Hailu Solomon, Controller (representing LAX Plaza Hotel.)

On November 10, 2005, the Tax Administrator issued a notice fixing the TOT assessment in an amount in excess of \$500,000. Pursuant to CCMC Section 11.02.140, the LAX Plaza Hotel may appeal this determination to the City Council.

On November 10, 2005, after the assessment was issued, the LAX Plaza Hotel submitted to the Tax Administrator additional documents, which were TOT returns for the time periods for which no returns had been previously submitted and for which no TOT remittances had been made. Since the amount reflected on the TOT returns submitted by the LAX Plaza hotel differs from the amount assessed by the Tax Administrator, the submissions of these TOT returns has been construed to constitute an appeal, pursuant to CCMC Section 11.02.140, of the Tax Administrator's determination of November 10, 2005.

DISCUSSION:

Pursuant to CCMC Section 11.02.140, upon the filing of an appeal of the Tax Administrator's TOT determination, the Council shall fix a time and place for hearing such an appeal, and the City Clerk shall give notice in writing to such operator at his last known place of address.

FISCAL ANALYSIS:

The Tax Administrator has fixed the TOT assessment owed by the LAX Plaza Hotel (inclusive of penalties and interest) in an amount in excess of \$500,000. All monies would be deposited into the General Fund.

MOTION:

That the City Council:

1. Set a hearing date of November 28, 2005 to hear the appeal of the LAX Plaza Hotel; and
2. That, no later than November 22, 2005, the City Clerk give written notice to LAX Plaza Hotel of the City Council's setting of a hearing on November 28, 2005 to hear the LAX Plaza Hotel's appeal.