

Exempt Contract Rent

Exempt Contract Rent, as defined below, is not subject to the TMD Assessment(s) and would not normally be included in Assessable Rent. However, for reporting purposes only, Operators shall include Exempt Contract Rent in the Taxable/Assessable Rent line of the return and report a credit for the related TMD on the "Credit Taken (not common)" line in the TMD category A and/or TMD category B section(s) of the return.

Per Resolution Number R-307843 (http://docs.sandiego.gov/council_reso_ordinance/rao2012/R-307843.pdf):

1. "Contract" means a written document which was executed by a representative of the lodging business and the transient or the transient's representative prior to the date specified above. The contract must include a provision stating that it is irrevocable, non-cancellable, or non-refundable.
2. Exempt Contract Rent:
 - For lodging businesses with seventy (70) or more rooms, "Assessable Rent" shall not include rent resulting from stays pursuant to contracts executed prior to January 1, 2008.
 - For lodging businesses with sixty-nine (69) rooms or fewer, "Assessable Rent" shall not include rent resulting from stays pursuant to contracts executed prior to January 1, 2013.
3. The following examples are **not** considered "Contracts":
 - Signed agreements which can be cancelled,
 - Reservations made at lodging businesses,
 - Agreements between the lodging business and any third-party booking agent for the purpose of booking transient stays at the lodging business, such as a property management company

Exempt Contract Rent (Sample)

Hotel123 has Taxable Rent of \$1,000 and Exempt Contract Rent of \$100. Assessable Rent is \$900; however, Operator will report Taxable Rent of \$1,000 and take a credit for TMD associated with the Exempt Contract Rent. The amount of the TMD assessment associated with the \$100 of Exempt Contract Rent depends on the number of rooms. For lodging businesses with 30 or more rooms (units) the TMD assessment credit amount would be \$1.45 for TMD Category A and \$0.55 for TMD Category B. In this example, assume the property has more than 30 units; therefore, they will report a credit for both TMD Category A and TMD Category B. The Operator will report the following:

Month Ended: * Year: *

Taxable/Assessable Rent:	1000.00	* ?
TOT due at 10.5% or TOT collected, whichever is greater:	150.00	*
Less TOT refunded to non-transients (not to exceed TOT due):	0.00	
Less TOT credit taken (not common):	0.00	?
TOT Subtotal:	150.00	
TOT late penalty applicable to TOT subtotal (1% 1st day plus 1/3 of 1% each additional day, not to exceed 25%):	0.00	?
TOT Due:	150.00	#
<u>TMD assessment - Category A</u> (1.45% of assessable rent - only due from lodging businesses with 30 or more sleeping rooms):	14.50	?
Less TMD - Category A refunded to non-transients (not to exceed TMD due):	0.00	
Less TMD - Category A credit Taken (not common):	1.45	?
TMD - Category A Subtotal:	13.05	
<u>TMD late penalty - Category A</u> applicable to TMD - Category A subtotal (1% 1st day plus 1/3 of 1% each additional day, not to exceed 25%):	0.00	?
TMD - Category A Due:	13.05	#
<u>TMD assessment - Category B</u> (0.55% of assessable rent - only due from lodging businesses in the City):	5.50	?
Less TMD - Category B refunded to non-transients (not to exceed TMD - Category B due):	0.00	
Less TMD - Category B credit taken (not common):	0.55	?
TMD - Category B Subtotal:	4.95	
<u>TMD late penalty - Category B</u> applicable to TMD - Category B subtotal (1% 1st day plus 1/3 of 1% each additional day, not to exceed 25%):	0.00	?
TMD - Category B Due:	4.95	#
Total Amount Due and Payable:	168.00	#

Alternatively, if the lodging business had 29 or fewer rooms, then the TMD assessment credit amount would be \$0.55 for TMD Category B only; no “TMD Assessments - Category A” would be due nor would a credit be reported under “TMD – Category A credit Taken”.