A CENTURY OF SERVICE

Department of Business License
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February 11, 2009

GOVERNMENT EXEMPTIONS FROM TRANSIENT LODGING TAX

ATTN: CONTROLLER

The purpose of this letter is to update guidance prescribed in the most recent guidance letter dated January 9, 2008.

This document includes the following guidance updates:

- **Consolidation of Transient Lodging Code** - Transient lodging exemption requirements that were previously included in Clark County Code (CCC) sections 4.08.025, 4.09.030 and 4.10.020 have been consolidated under CCC section 4.08.050. The consolidation did not change the department's policy relating to exemptions.

- **Exempt Government Credit Card Numbers** – On November 30, 2008 The United States government initiated a new credit card program called GSA SmartPay 2. The new program altered the numbering scheme for exempt credit cards (centrally billed). The exempt credit card numbers identified in this document include the November 30, 2008 changes.

- **Exempt United States Government Instrumentalities** – The Federal Home Loan Mortgage Corporation (Freddie Mac) and the National Railroad Passenger Corporation (AMTRAK) are government sponsored/owned enterprises that are given the same exemption status as the United States government.

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Clark County Code Requirements – As of June 17, 2008, government exemption requirements are codified under CCC 4.08.050 (see highlighted sections).

> **4.08.050 Exemptions.**
>
> No combined transient lodging tax shall be imposed under the provisions of this chapter upon:
> (a) Rent received for an apartment, licensed as an apartment house under Section 6.12.090 of this code, wherein the renter has entered into a written lease with a rental period greater than thirty days. However, in the absence of a written lease with a rental period greater than thirty days rent received for apartments rented for thirty days or less shall be subject to the combined transient lodging tax.
> (b) Rent received from permanent residents.
> **(c) Rent paid directly by the following exempt organizations: United States, state of Nevada, federally chartered credit unions, and the American Red Cross. This exemption does not extend to rent paid by an individual who receives a cash advance from, or is to be later reimbursed by, the exempt organization.**
> **(d) Rent paid by foreign diplomats properly registered with the United States State Department.**
> (e) Complimentary rooms wherein there is no rent paid to the operator in conjunction with the occupancy.
> (f) The cost of or rent paid for a room in a transient lodging establishment that is not used for sleeping, such as a meeting room. (Ord. 3656 § 13, 2008: Ord. 2303 § 2 (part), 1999)

General Guidance on Government Exemptions

Only exempt organizations specifically listed in the attached **Summary of Documentation Requirements for Transient Lodging Tax Exemptions matrix (dated February 11, 2009)** are eligible for transient lodging tax exemptions pursuant to CCC 4.08.050 (c) & (d). In order to obtain the exemption the exempt organization must meet the direct payment requirements identified in the matrix.

In summary, the direct payment requirement is met when payment is made directly by an exempt organization pursuant to direct billing.

Furthermore, personal payment (i.e. cash, personal check, or personal credit card) by an employee is *not* exempt regardless of whether the employee has an exemption certificate, travel order, cash advance, or is subsequently reimbursed by the government agency/instrumentality for lodging cost.

Credit Card Documentation

Effective March 1, 2008, a copy of credit cards is no longer required for room tax exemption. Instead, settlement folios and ***system records (electronic or paper) showing the required "payment" credit card numbers*** are necessary for audit purposes.

Some examples of acceptable system records are: electronic or paper guest settlement information, the original or a copy of "merchant receipt", or electronic evidence of direct pay credit card number. Note that credit card records prepared separately from the sales transactions (e.g. manually prepared worksheets) are *not* acceptable for audit purposes

U.S. Government and military -Use of United States Government Travel Credit Cards and Documentation Requirements

Clark County recognizes transient lodging tax exemptions on those credit card purchases that are billed directly to the United States government. Lodging purchases made with the following United States government travel credit cards are exempt:

Start with 4486 and the sixth digit is 0, 6, 7, 8 or 9
Start with 4614 and the sixth digit is 0, 6, 7, 8 or 9
Start with 5568 and the sixth digit is 0, 6, 7, 8 or 9
Start with 5565 and the sixth digit is 0, 6, 7, 8 or 9

United States government SmartPay 2 Travel Credit Card Example

Exempt Credit Card Number Sequence

Credit Card Number Sequence:						
#1	#2	#3	#4	#5	#6	#7-#16
4	4	8	6	X	0, 6, 7, 8 or 9	XX XXXX XXXX
4	6	1	4	X	0, 6, 7, 8 or 9	XX XXXX XXXX
5	5	6	8	X	0, 6, 7, 8 or 9	XX XXXX XXXX
5	5	6	5	X	0, 6, 7, 8 or 9	XX XXXX XXXX

Card Designs

* Card design numbers are fictitious - refer to the above schedule for exempt credit card numbers

Currently, the following types of United States government travel cards are used:

Centrally Billed – Credit card purchases are billed directly to and paid directly by the United States government. Centrally billed credit cards utilize the account numbers listed in above Credit Card Number Sequence schedule. **Purchases made with this type of card are exempt.**

Individually Billed – Credit card purchases are billed directly to and paid directly by the United States government **employee**. The credit card account numbers begin with 4486, 4614, 5565 or 5568 the sixth digit in the account number is 1, 2, 3 or 4. **Purchases with individually billed credit cards are not exempt regardless of whether the employee has a federal exemption certificate, travel orders or is subsequently reimbursed by the United States government.**

The above credit card information was obtained from the United States General Services Administration and represents the most current information available. Enclosed is an explanation letter that can be given to United States government travelers that are not eligible for an exemption from transient lodging tax.

Transient lodging tax exemptions are only given for purchases that meet the above criteria. Certain government employees may carry "generic credit cards" which for security reasons do not utilize the government numbering sequence. Purchases made with this type of credit card or any other type of credit card that does not specifically meet the above criteria are not exempt from transient lodging tax.

Federal Credit Union – Documentation Requirements

The Department has discontinued the required use of the standard "NCUA authorized exemption letter". Instead, documentation required for audit purposes varies depending on the payment methods as detailed below.

Direct payment by federal credit union: The preferred method of payment by a federal credit union for transient lodging tax exemption is a "direct payment" from the federal credit union to the transient lodging establishment. In which case, guest's settlement folio (showing lodging cost and payment method) **and** a copy of evidence of direct payment (e.g. wire transfer, corporate check, and charges to corporate master credit account) will be required for audit purposes.

Federal credit union credit card issued in individual's name: For transient lodging payments made with federal credit union credit cards in individual's name, the Department no longer requires a copy of the credit card used in settlement of lodging cost. Instead, effective March 1, 2008, the new Department-issued form titled *"**TRANSIENT LODGING TAX EXEMPTION FORM FOR FEDERAL CREDIT UNION**"* should be properly completed by a federal credit union manager and maintained, along with a copy of settlement folio, for audit review by the Department. A blank copy of the new form is attached here for your convenience. The new form can also be obtained via the Department's website: http://www.co.clark.nv.us/business_license under "Government Exemption Guidance Transient Lodging".

Others: Other methods of payment for lodging costs by room guests such as: cash, personal checks, personal credit cards, and wire transfers from personal accounts do NOT qualify as "direct payment" by federal credit unions. Thus, ***no exemption is allowed***.

Industry letters, guidance, and documentation on transient lodging tax exemptions are also available on our website at http://www.co.clark.nv.us/business_license/FAQ.htm

If you have any questions, please contact Alan Bacon, Assistant Audit Manager at (702) 455-6297.

Sincerely,

Jacqueline R. Holloway
Director

Attachments:

1. **Summary of Documentation Requirements for Transient Lodging Tax Exemptions (dated February 11, 2009)**
2. **United States Employee – Transient Lodging Credit Card Purchases**

SUMMARY OF DOCUMENTATION REQUIREMENTS FOR TRANSIENT LODGING TAX EXEMPTIONS

Contact: Alan Bacon, Assistant Audit Manager (702) 455-6297
Email: alan@co.clark.nv.us

Department of Business License
500 S. Grand Central Pky, 3rd Floor
PO BOX 551810
Las Vegas, NV 89155-1810

02/10/09

Clark County Business License Website - http://www.co.clark.nv.us/business_license

Clark County Code section 4.08.050 states that transient lodging exemptions will be given for rent paid directly by the United States, state of Nevada, federally charted credit unions, American Red Cross and foreign diplomats properly registered with the United States. Only exempt organizations listed below which meet the direct payment requirements are exempt from transient lodging tax. In summary, the direct payment code requirement is met when payment is made directly by an exempt organization pursuant to direct billing.

Exemption Organization	Direct Payment Requirements	Documentation Required
United States Government, U.S. Military, and Foreign Military (i.e. Joint Training, Red Flag))	**United States credit card exemption criteria: (see example under additional guidance below)** **Start with 4486 and the sixth digit is 0, 6, 7, 8 or 9** **Start with 4614 and the sixth digit is 0, 6, 7, 8 or 9** **Start with 5565 and the sixth digit is 0, 6, 7, 8 or 9** **Start with 5568 and the sixth digit is 0, 6, 7, 8 or 9** **(example - 5568 X6XX XXXX XXXX)**	1. Settlement folio showing lodging cost and payment method; and 2. System record generated directly from the sales transaction showing the "payment" credit card number. Examples are: Electronic or paper system guest settlement folio or "merchant receipt".
	Direct payment made by federal agency/instrumentality	1. Settlement folio showing lodging cost and payment method; and 2. Documentation showing the direct payment by the U.S. or foreign government (e.g. copy of payment check or wire transfer information).
State of Nevada	**Direct payment made by State of Nevada**	1. Settlement folio showing lodging cost and payment method; and 2. Documentation showing the direct payment by State of Nevada
Foreign Diplomats	(No specific requirement)	1. Settlement folio showing lodging cost; and 2. Copy of Diplomat Tax Exemption Card (personal/mission).
Federal Credit Union	**A federal credit union credit card in individual's name**	1. Settlement folio showing lodging cost and payment method; and 2. "TRANSIENT LODGING TAX EXEMPTION FORM"* properly completed by management personnel of the federal credit union. * A blank form is attached with this letter, and can also be obtained via http://www.co.clark.nv.us/business_license "Government Exemption Guidance Transient Lodging"
	Direct payment made by the federal credit union	1. Settlement folio showing lodging cost and payment method; and 2. Documentation showing the direct payment by the federal credit union
Freddie Mac (Federal Home Loan Mortgage Corporation)	**Freddie Mac issued VISA credit card with "Purchasing" identified on face of credit card** **Direct payment made by Freddie Mac**	1. Settlement folio showing lodging cost and payment method; and 2. Documentation showing the direct payment by Freddie Mac 3. Since a copy of the credit card cannot be made or maintained, the Department will accept the notation ***"Freddie Mac purchasing credit card used for payment"*** on the guest settlement folio as evidence of direct pay.
AMTRAK	**Direct payment made by AMTRAK**	1. Settlement folio showing lodging cost and payment method; and 2. Documentation showing the direct payment by AMTRAK
American Red Cross	**Direct payment made by American Red Cross**	1. Settlement folio showing lodging cost and payment method; and 2. Documentation showing the direct payment by the American Red Cross.

SUMMARY OF DOCUMENTATION REQUIREMENTS
FOR TRANSIENT LODGING TAX EXEMPTIONS

Contact: Alan Bacon, Assistant Audit Manager (702) 455-6297
Email: alan@co.clark.nv.us

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ADDITIONAL GUIDANCE

Example - United States Government Travel Credit Card (SmartPay 2 credit card program)

Card Designs

*** Card design numbers are fictitious - refer to the Summary of Documentation Requirements for Transient Lodging Tax Exemptions for exempt credit card numbers**

Organizations that are not Exempt

- Non Profits
- Local governments
- State governments other than the State of Nevada
- Credit Unions that are *not* federally chartered
- Government contractors
- Tribal governments

Foreign Diplomats, Consular Officers and Staff Members

Diplomat tax exemption cards are non-transferable; only the person whose photograph appears on the card may use it.

Documentation on government exemptions is also available on our website at http://www.co.clark.nv.us/business_license

If you have any questions, please contact Alan Bacon at (702) 455-6297 **(Email: alan@co.clark.nv.us)**.

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February 11, 2009

ATTN: UNITED STATES GOVERNMENT EMPLOYEE

RE: TRANSIENT LODGING CREDIT CARD PURCHASES

Clark County Code section 4.08.050 states that transient lodging exemptions will be given for rent paid **directly by the United States.** Based on these code requirements, purchases using United States government travel credit cards with the following number sequences are exempt from transient lodging tax:

Start with 4486 and the sixth digit is 0, 6, 7, 8 or 9 (example - 4486 X6XX XXXX XXXX)
Start with 4614 and the sixth digit is 0, 6, 7, 8 or 9 (example - 4614 X6XX XXXX XXXX)
Start with 5568 and the sixth digit is 0, 6, 7, 8 or 9 (example - 5568 X6XX XXXX XXXX)
Start with 5565 and the sixth digit is 0, 6, 7, 8 or 9 (example - 5565 X6XX XXXX XXXX)

The above "centrally billed" credit cards are directly billed to and paid by the federal government.

United States government travel credit cards for which charges are billed directly to United States government employees "individually billed" **are not exempt regardless of whether the employee has a federal exemption certificate, travel orders or is subsequently reimbursed by the United States government.**

Clark County's position is in accordance with determinations made by the Department of Justice (DOJ) and the Comptroller General. Both the DOJ and the Comptroller General have found that purchases of lodging by a United States government employee traveling on government business are exempt from tax only when payment is made directly by the United States government pursuant to direct billing.

Transient lodging tax exemptions are only given for credit card purchases that meet the above criteria. Certain government employees may carry "generic credit cards" which for security reasons do not utilize the government numbering sequence. Purchases made with these credit cards are not exempt from transient lodging tax.

In addition, based on guidance provided by GSA, lodging tax is reimbursable and is not part of per diem.

Furthermore, additional information on federal tax exemptions can be found at the following GSA websites:

http://www.gsa.gov/gsa/cm_attachments/GSA_BASIC/StateTaxExemptionsLetter_Communication1_V3_R2E-r-e-w_0Z5RDZ-i34K-pR.pdf
http://www.gsa.gov/Portal/gsa/ep/channelView.do?pageTypeId=17112&channelPage=%2Fep%2Fchannel%2FgsaOverview.jsp&channelId=-24788
http://fss.gsa.gov/webtraining/trainingdocs/traveltraining/Part1_5.htm

If you have any additional questions, please contact Alan Bacon at (702) 455-6297 or email **alan@co.clark.nv.us**.

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