

Memorandum



DATE December 5, 2025

CITY OF DALLAS

Honorable Members of the Finance Committee: Chad West (Chair), Kathy Stewart (Vice Chair), Zarin D. Gracey, Maxie Johnson, Jesse Moreno, Jaime Resendez, Gay Donnell Willis

SUBJECT **Hotel Occupancy Tax Interest and Penalty – Dallas City Code Chapter 44 – Sections 44-39 (c) and 44-56 (c) – Proposed Amendments**

The City Controller's Office (CCO) collects municipal hotel occupancy taxes (HOT) from hotels, including short-term rentals (STRs), on a monthly basis as authorized by:

- Dallas City Code, Chapter 44 Taxation, Article V - Hotel Occupancy Tax
- Dallas City Code, Chapter 44 Taxation, Article VII – Additional Hotel Occupancy Tax
- Texas Tax Code, Chapter 351 Municipal Hotel Occupancy Taxes

The City HOT rate is 9 percent, consisting of 7 percent HOT and 2 percent Additional HOT. HOT reports and payments are due to the City of Dallas by the 15th day of the month following the month in which the tax is collected. For example, tax reports and payments for January collections are due in February. If the 15th falls on a weekend or a City-observed holiday, the HOT filing and payment are due on the next business day.

Failure to meet these deadlines results in interest charges and may result in penalties. Under the current City Code, interest is assessed if the HOT payment is received 30 days after the due date, and the interest accrues back to the first day it is delinquent. Texas Tax Code § 351.0042 allows for interest to be imposed on the first day the HOT payment is delinquent.

Additionally, under the current City Code, a 15-percent penalty is assessed if the HOT is not paid by the 25th day of the month following the due date. Texas Tax Code § 351.004 imposes a 15-percent penalty when the HOT remains unpaid for at least one full municipal fiscal quarter.

The CCO, working collaboratively with the City Attorney's Office (CAO), is requesting amendments to City Code §§ 44-39 and 44-56 to enhance alignment with the Texas Tax Code.

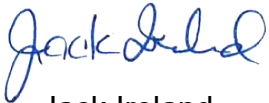
The proposed amendments to the City Code remove the 30-day grace period for imposing interest on delinquent HOT payments and assess interest from the first day following the due date. Additionally, the amendments will impose a penalty for delinquent HOT payments three months after the due date.

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The CCO will place the proposed amendments on the City Council consent agenda for consideration on January 14, 2026. If approved, the revised interest and penalty provisions will take effect for the tax period beginning January 2026, with a filing and payment due date of February 17, 2026.

Should you have any questions or require additional information, please contact Sheri Kowalski, City Controller, City Controller's Office, at 214-670-3856 or by email at sheri.kowalski@dallas.gov.

Service First, Now!



Jack Ireland
Chief Financial Officer

c: Kimberly Bizer Tolbert, City Manager
Tammy Palomino, City Attorney
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