



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
PO Box 269
TRENTON NJ 08695-0269

JAMES E. MCGREEVEY
Governor

JOHN E. MCCORMAC, CPA
State Treasurer

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NOTICE TO HOTELS, MOTELS AND SIMILAR FACILITIES REVISED STATE OCCUPANCY FEE / MUNICIPAL OCCUPANCY TAX RATES AS OF JULY 1, 2004

Legislation enacted in 2003 imposed a State Occupancy Fee and authorized the imposition of a Municipal Occupancy Tax on charges for the rental of a room in a hotel, motel or similar facility. Effective August 1, 2003, hotels, motels and similar facilities have collected the State Occupancy Fee at the rate of 7% and in those municipalities that enacted a local ordinance, the Municipal Occupancy Tax has been collected at the rate of 1%, for a total of 8% (in addition to the 6% sales tax).

Effective July 1, 2004, the State Occupancy Fee rate will decrease from 7% to 5%. In addition, the Municipal Occupancy Tax rate may be increased from a rate of 1% up to a rate of 3%, at the municipality's option, pursuant to local ordinance. The majority of the municipalities that have enacted a Municipal Occupancy Tax have authorized the tax rate to increase to 3%, as of July 1, 2004. However, the following municipalities have authorized the tax rate to increase only to 2% on July 1, 2004: Berkeley Twp.; Cape May City; Glassboro Borough.

Effective August 1, 2004, the town of Somers Point has enacted a Municipal Occupancy Tax at the rate of 2%. To summarize, for occupancies on and after Thursday, July 1, 2004, the following rates are in effect:

- Hotels in the municipalities that HAVE NOT enacted a Municipal Occupancy Tax (other than those prohibited from enacting such, see below): 5% State Occupancy Fee; 6% State Sales Tax;
- Hotels in the municipalities that HAVE enacted a Municipal Occupancy Tax, other than Berkeley, Cape May City, and Glassboro (discussed above): 5% State Occupancy Fee, 3% Municipal Occupancy Tax, 6% State Sales Tax;
- Hotels in the municipalities that are prohibited by law from enacting a Municipal Occupancy Tax (these rates remain the same as they were pre-July 1, 2004):
 - Atlantic City**- 1% State Occupancy Fee; 3% State Sales Tax; 9% Luxury Tax;
 - Newark and Jersey City**- 1% State Occupancy Fee; 6% State Sales Tax; 6% Local Hotel Tax;
 - Wildwood, North Wildwood, Wildwood Crest**- 3.15% State Occupancy Fee; 6% State Sales Tax; 2% Cape May Tourism Tax; 1.85% Tourism Assessment

When filing the New Jersey Hotel and Motel State Occupancy Fee and Municipal Occupancy Tax Return (HM-100), please be sure that the correct rate is used in the calculation and that the amount due is reported on the appropriate line of the Return. While many facilities will continue to report and remit a combined total of 8%, the State Occupancy Fee and the Municipal Occupancy Tax are allocated differently, and processing errors will occur if the Fee and the Tax are calculated or reported incorrectly.

Receipts from hotel occupancies also must be reported for Sales Tax purposes, which is distinct from the State Occupancy Fee and Municipal Occupancy Tax. In addition to the HM-100, it is very important that a facility file the appropriate sales tax return and report and remit the 6% sales tax separately from the occupancy fee/tax. Depending upon a facility's location, one or more of the following returns are applicable:

ST-50 (general Quarterly Sales Tax Return), ST-250 (Atlantic City); ST-350 (the Wildwoods);
ST-450 (Salem County); UZ-50 (Urban Enterprise Zone)

Additional information concerning the State Occupancy Fee and the Municipal Occupancy Tax is available on the Division's website at: <http://www.state.nj.us/treasury/taxation/hotelfeeinfo.shtml>

A complete list of the municipalities that have enacted the Municipal Occupancy Tax is available at: <http://www.state.nj.us/treasury/taxation/munitaxlist.shtml>