



1007 McKinley Avenue  
Kellogg, ID 83837  
Phone (208) 786-9131  
Fax (208) 784-1100

[kelloggcity@kellogg.id.gov](mailto:kelloggcity@kellogg.id.gov)

## LOCAL OPTION TAX (LOT) OPERATOR INFORMATION SHEET

Kellogg City Code 1-17

In an open election held on May 19, 2015 the citizens of the City of Kellogg voted to pass Ordinance No. 574 to incorporate a Municipal Non-Property Local Option Tax (Hotel-Motel Tax). **These tax procedures went into effect October 1, 2015.**

**The ordinance works in conjunction with the Short-Term Rental Permit process** and affects businesses or individuals who are engaging in or conducting the business of renting: a hotel/motel room, vacation rental/tourist home, condominium, bed & breakfast, and/or rooms within a residence or condominium for a period of thirty (30) days or less, herein referred to as “short term room rentals”.

The ordinance requires every business or person who is engaging in or conducting the business of short-term room rentals to file with the City Clerk/Treasurer an application for Municipal Non-Property Tax Permit. Upon filing a completed application form the City Clerk/Treasurer will issue a numbered permit to be conspicuously displayed at all times at the location(s) for which it is issued. A three and one-half percent (3.5%) occupancy tax shall be collected by the owner, manager, agent, or responsible person on any short-term room rentals and remitted to the City of Kellogg.

The three and one-half percent (3.5%) tax collected under Ordinance No. 574 shall be paid monthly and is due no later than the 20<sup>th</sup> day of the succeeding month.

Non property tax remittance forms will be provided by the City with an approved permit and will need to be filed with the City Clerk/Treasurer each and every month, even if there are no taxes due or sales to report.

### **If you are managing your short-term rentals yourself:**

- You will need to set up a business through the Idaho State Tax Commission and collect and remit all short-term rental sales to the State of Idaho, as well as the City of Kellogg.
- A copy of the permit/acceptance letter received from the Idaho State Tax Commission needs to be included with your Municipal Non-Property Tax Permit application.
- After you have completed the reporting process for the Idaho State Tax Commission portion of your process, you will need to provide a copy of the report submitted to the state with your city submittal each month.
- If you are assigned a quarterly reporting schedule for the Idaho State Tax Commission you will need to submit a copy of your Idaho State Tax reporting to the City of Kellogg with your regular monthly remittance on the same month it is turned in to the State.

### **If you are utilizing a Short-Term Rental Marketplace, such as AirBnB or VRBO for the collection/reporting process you will need to provide:**

- The EIN of the Short-Term Rental Marketplace(s) you are utilizing.
- Verification of gross room rental sales of each Short-Term Marketplace being utilized for the correlating period in which you are reporting to the City.
  - **REMINDER:** Any cleaning fees do not get deducted from the taxable sales, the 3.5% is collected on the total nightly rate and cleaning fee.



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### Important Reminders:

1. The LOT Tax permit holder must submit a current list of short-term rental properties within Kellogg city limits that they manage and are subject to LOT Tax. A permit will be issued for each specific address and will be displayed on-site at the property. The permit will bare the name of the LOT permit holder and the permit number, along with the address of the short-term rental property.
2. The proprietor will collect 3.5% tax based on room rate, similar to other hotel taxes.
3. As previously noted, if the proprietor is handling their own room rentals and tax collection, they need to be set up with the Idaho State Tax Commission. The proprietor will prepare monthly or quarterly Idaho State Tax Returns. **A copy of the Idaho State Sales Tax Return must be submitted along with the LOT tax remittance.**
4. If the proprietor is utilizing a Short-Term Marketplace such as AirBnB or VRBO to handle their room rentals, a summary of the gross sales from each Short-Term Rental Marketplace being utilized will need to be provided along with the LOT remittance for the correlating period.
5. The City of Kellogg LOT Tax form must be filled out completely each month and received by the office no later than the 20<sup>th</sup> of each month reporting the sales for the previous month.
6. **Regardless of whether or not there were lodging sales for the month the monthly remittance form must be submitted, along with the Idaho State Tax Return and Short-Term Rental Marketplace report.** Simply write -0- in the appropriate areas of the return.
7. Failure to collect and remit Local Option Tax as instructed may result in a penalty assessment of \$10 or 5% of the unpaid tax, whichever is greater. Continued late payments may invoke an audit by the City Clerk's office with interest charged if a deficiency is found.
8. All returns must be signed to be valid.

### **Contact the Kellogg City Clerk's Office for any of the following changes:**

1. Change of mailing address.
2. Notify the City Clerk's Office if you sell or transfer management of a property to another owner or management company.
3. For new owner or managers, a **new** LOT Permit will need to be issued for display in the rental property. **The name and permit number on display must reflect the current LOT permit holder.**
4. No longer in business? Notify the City Clerk's Office if you no longer operate any short-term rentals within the City of Kellogg and do not plan to in the future. This will alleviate having to file a blank return each month.
5. If you buy a new property that you wish to operate a short-term rental contact the City Clerk's Office to have a permit issued for the new address.