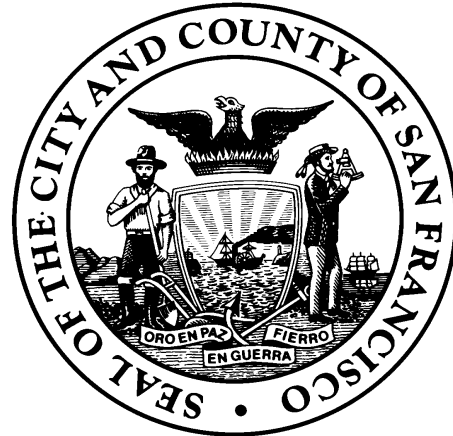


CITY AND COUNTY OF SAN FRANCISCO

TREASURER & TAX COLLECTOR'S OFFICE



TAX COLLECTOR GUIDELINES

[IMPLEMENTING TAX COLLECTOR REGULATION NO. 2003-1]

CITY AND COUNTY OF SAN FRANCISCO TAX COLLECTOR'S OFFICE BUSINESS TAX DIVISION

(a) These guidelines are promulgated by the Tax Collector for the City and County of San Francisco pursuant to Tax Collector Regulation No. 2003-1. The purpose of these guidelines is to identify for hotel operators and guests specific charges for the occupancy of rooms, and the furnishings, services and accommodations accompanying the use or possession of rooms, that are subject to the tax on the transient occupancy of hotel rooms set forth in Article 7 of the San Francisco Business and Tax Regulations Code ("Hotel Tax").

(b) The Tax Collector may update these guidelines from time to time to:

(i) identify additional specific charges for the occupancy of rooms, and the furnishings, services and accommodations accompanying the use or possession of rooms, taxable under the Hotel Tax;

(ii) identify specific charges otherwise taxable under the Hotel Tax that hotel operators may exclude from the Hotel Tax base on the basis that collection of the tax on such charges is or has become unreasonable or administratively impracticable in light of the associated revenues collected by the City, the costs and burdens of administration and compliance, and/or other relevant factors; and

(iii) clarify matters relating to the application of Tax Collector Regulation No. 2003-1 to specific furnishings, services and accommodations accompanying the use and possession of rooms in a hotel in San Francisco.

(c) The exclusion from these guidelines of any specific charge for furnishings, services or accommodations accompanying the use or possession of rooms otherwise taxable under Article 7 and Tax Collector Regulation No. 2003-1 on the ground that collection of the tax thereon is unreasonable or administratively impracticable shall not preclude the Tax Collector from the prospective collection of the tax on such specific charges where the Tax Collector determines that it is not or is no longer unreasonable or impracticable to do so.

(d) The following charges for the occupancy of a room, and for the furnishings, services and accommodations accompanying the use or possession of rooms, are subject to the Hotel Tax under Article 7 and Tax Collector Regulation No. 2003-1, regardless of how such charges are characterized:

1. Charges for a guest room (including non-refundable deposits) regardless of whether the guest uses the room;

2. Charges for additional guests to occupy the room;
3. Charges for the use of a safe or other secure storage (regardless of whether the safe or storage area is physically located in the room occupied by the guest);
4. Charges for pets;
5. Charges for guaranteeing the availability of a room (sometimes referred to as guaranteed “no-show” charges) regardless of whether the guest uses the room (excluding event attrition fees and event cancellation fees paid by event organizers);
6. Charges for cancellation of a room reservation (including a non-refundable deposit);
7. Charges for early or late arrival or departure;
8. Charges for banquet rooms, meeting rooms and rooms used as hospitality suites (excluding charges for food and beverage subject to sales tax under Sales and Use Tax Regulations of the Board of Equalization, 18 California Code of Regulations §1603);
9. Charges for parking (including valet services) for hotel guests that are exempt from the parking tax under Section 606(2) or (3) of Article 9 of the Business and Tax Regulations Code, which exempts from the parking tax (i) charges to hotel guests for parking located on the hotel premises regardless how charged, and (ii) charges to hotel guests for parking located off the hotel premises where such charge is added to the room bill and paid to the hotel operator;
10. The consideration received by a hotel operator from an award fund or other source for the occupancy of a room obtained through the redemption of award

points or participation in any similar award or bonus program; there is no imputed rent and the tax does not apply to complimentary rooms for which the hotel receives no consideration for occupancy from any source; and

11. Charges reasonably attributable to any of the foregoing taxable items that are part of a “package” that includes a guest room.

(e) Based upon information currently known to the Tax Collector, the Tax Collector has determined that collection of the Hotel Tax on charges for furnishings, services and accommodations that are not included in subsection (d) is unreasonable and/or administratively impracticable at the present time. If the Tax Collector determines that it is not or is no longer unreasonable or administratively impracticable to collect the Hotel Tax on any charge for furnishings, services or accommodations not set forth in subsection (d), the Tax Collector will update these guidelines and provide notice thereof to hotel operators.

DATED: December 12, 2003