

CITY COUNCIL AGENDA ITEM COVER MEMO

Agenda Item Number: _____

Meeting Type: Regular

Meeting Date: May 28, 2015

Action Requested By: Legal

Agenda Type: Resolution

Subject Matter:

Legal proceedings to collect unpaid lodging taxes.

Exact Wording for the Agenda:

Resolution authorizing the City Attorney to initiate legal proceedings to collect unpaid lodging taxes.

Note: If amendment, Please state title and number of the original

Item to be considered for: Action

Unanimous Consent Required: No

Briefly state why the action is required; why it is recommended; what council action will provide, allow and accomplish and; any other information that might be helpful.

Associated Cost: _____

Budgeted Item: Not Applicable

MAYOR RECOMMENDS OR CONCURS: Yes

Department Head:  _____

Date: May 20, 2015

RESOLUTION NO. 15-_____

WHEREAS, the City of Huntsville, Alabama, ("City" or "City of Huntsville") collects municipal lodgings taxes from hotels and motels within the City limits; and

WHEREAS, the City of Huntsville Finance Department, Tax Division works with taxpayers to collect taxes and, when appropriate, enters into installment agreements with taxpayers in order to facilitate the collection of unpaid taxes; and

WHEREAS, during tax years 2013 and 2014 a certain taxpayer ("Taxpayer") failed to remit all lodgings taxes, which includes taxes, interest, and penalties (collectively "lodgings taxes"), due to the City; and

WHEREAS, on June 21, 2014, the City of Huntsville entered into a 12-Month Installment Agreement ("Installment Agreement") with the Taxpayer to collect a total indebtedness of \$66,756.21, plus applicable interest, covering all unpaid lodgings taxes due for the tax period May 1, 2013 - April 30, 2014; and

WHEREAS, the name of the Taxpayer is listed in the Installment Agreement but is not disclosed in this Resolution in order to preserve confidentiality; and

WHEREAS, the Taxpayer made some payments under the Installment Agreement but not all payments due; and

WHEREAS, after entering into the Installment Agreement, the Taxpayer failed to remit additional lodgings taxes due the City, and the City entered assessments therefor, which the Taxpayer did not appeal; and

WHEREAS, the City has exhausted all available reasonable efforts to collect these unpaid lodgings taxes short of legal action; and

WHEREAS, the City has the legal right to file a lawsuit seeking to recover all unpaid lodgings taxes due the City, including, but not limited to, the amounts due under the Installment Agreement; and

WHEREAS, the City Council is desirous of authorizing the City Attorney to initiate a lawsuit on behalf of the City of Huntsville in order to enforce the Installment Agreement and to otherwise collect the unpaid lodgings taxes due the City.

THEREFORE, BE IT RESOLVED, by the City Council of the City of Huntsville as follows:

1. That the City Attorney is hereby authorized to institute, in a court of law, legal proceedings in the name of the City in order

to enforce the Installment Agreement and to otherwise collect the unpaid lodgings taxes due the City from the Taxpayer;

2. That the City Attorney is hereby authorized to act through subordinate attorneys and/or to retain the services of outside counsel to represent the City in said legal proceedings; and

3. That the City Attorney is hereby authorized to take such additional actions as he may deem necessary or appropriate in order to litigate, or oversee the litigation of, the matters contemplated in this Resolution.

ADOPTED this the 28th day of May, 2015.

President of the City
Council of the
City of Huntsville, Alabama

APPROVED this the 28th day of May, 2015.

Mayor of the City of
Huntsville, Alabama