



Internal Audit Department Hotel Occupancy Tax Review (Round 10)

Objectives

- Neumo (formerly Avenu Insights & Analytics) completed its most recent round of Hotel Occupancy Tax (HOT) compliance reviews on April 21, 2026, as required under Contract No. 2025-0191R.
- Reviews were conducted to determine whether El Paso-area hotels are complying with local HOT requirements.

Scope

- Review period covered January 1, 2022, through December 31, 2025.
- Twenty hotels were selected for review.
- Neumo reviewed each hotel's gross room, miscellaneous, and exempt revenue records and reconciled them to the occupancy tax returns filed with the City.

Findings & Recommendation

- Tax deficiencies totaling \$1,131,941.83 were identified across 19 of the 20 hotels reviewed as of April 21, 2026.
- Internal Audit recommends the Office of the Comptroller immediately collect these tax deficiencies, plus any applicable penalties and interest, owed to the City.

Additional Considerations

- Determination Letters were sent to deficient hotels on April 23, 2026.
- State tax code¹ allows taxpayers to challenge a deficiency determination under the redetermination process.
 - Petitions for redetermination must be filed within 60 days of the notice of determination.

¹Texas Tax Code §111.009

Requested Action

To accept the results of Round 10 of the HOT Review and forward the Review Report to City Council for action.