

ORDER

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

**WP 1500.9B
NM 1500.3B**

WESTERN-PACIFIC REGION

File

10/27/92

**SUBJ: OCCUPANCY TAX EXEMPTIONS FOR EMPLOYEES
ON OFFICIAL TRAVEL STATUS**

1. **PURPOSE.** This order cancels order WP 1500.9A/NM 1500.3A, Occupancy Tax Exemptions for Employees on Official Travel Status, and updates information on how to claim exemption from occupancy tax while staying in commercial lodging.
2. **DISTRIBUTION.** This order is distributed to branch level in regional headquarters and limited distribution to all field offices and facilities in Wester-Pacific and Northwest Mountain Regions. Also, this order should be brought to the attention of all employees.
3. **CANCELLATION.** Order WP 1500.9A/NM 1500.3A, dated 7/29/87, is cancelled.
4. **BACKGROUND.** The Travel and Relocation Systems Division, AAA-300, did a review of certain travel procedures currently being followed, with a view toward reducing travel costs. This review included gathering information concerning states and localities offering tax exemption to federal travelers staying in commercial lodging. As a result of this review, we found that substantial savings have resulted through the personal efforts of traveling employees by using consumer certificates of exemption, however, we found that this is still an area of potential cost savings that is often overlooked by many federal travelers.
5. **ACTION.** In keeping with the Administration's thrust toward reducing travel costs, we strongly encourage employees on official travel to claim the occupancy tax exemptions whenever possible. Since not all states or local units of government grant occupancy tax exemption to government employees on official travel, the employee should contact the lodging establishment to determine if there is legal exemption from the tax and what is required to claim it. Also, the Federal Hotel/Motel Discount Directory gives information on how to obtain exemption certificates in certain states, cities, and local municipalities. Some of the states, cities, and localities will not accept anything other than the legal form that is approved for use in a particular jurisdiction.

In instances where the state or locality does not offer an exemption to Federal employees, it appears that Government travelers cannot assert the Government's immunity from local taxes. General Accounting Office (GAO) Manual, "Principles of Federal Appropriation Law," Chapter 3, Paragraph 14(c), states that "When a federal employee rents a room directly from the proprietor, he becomes personally liable for the amount of the rental, including the tax. The government is not a party to the transaction and the tax is therefore not a tax on the government.

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Accordingly, the employee must pay the tax and cannot assert the Government's immunity from local taxes." Conversely, this paragraph further states that, "If local law exempts federal employees from the tax, the employee should use tax exemption certificates to claim the exemption."

6. COORDINATION. This order has been coordinated with the Northwest Mountain Region.


for F. P. Cantrell
Manager, Accounting Division