

Ruling 93-01

Vermont Department of Taxes

Date: January 4, 1993

Written By: Gloria Hobson, Director, Business Taxes Division

Joyce H. Errecart, Commissioner of Taxes

You have requested a formal ruling on when the exemption from Vermont rooms tax applies to occupancies of thirty days or more. This ruling relies on the representations in your September 9, 1992 letter and our conversation in my office on August 24, 1992.

Your business, [Company], owns the property where [Company] operates a hotel. [Company] leases the property from [Name] and runs the hotel. Your business also controls [Company] which is at the same location. At present, the hotel business operates both hotels under the name [Company] with one Vermont meals and rooms license. The [Company] rents rooms to persons who are receiving housing assistance from the State of Vermont and these persons may stay beyond thirty days. Under Vermont rooms tax law, persons occupying a room over thirty days qualify for exemption from the meals tax as a permanent resident. You do not want to create permanent resident status in your hotel for purposes of landlord/tenant law. You propose to separate the two hotels and run them separately with separate names, each holding its own meals and rooms tax license. You request a ruling whether moving an occupant on the thirtieth day from [Company] to [Company] will prevent the permanent resident status exemption.

32 VSA Section 9202(7) defines a permanent resident as any occupant who has occupied any room or rooms in a "hotel" for at least thirty consecutive days. A hotel, as indicated in 32 VSA Section 9202(3), is any establishment which holds itself out to the public by offering sleeping accommodations for a consideration. In Rooms Tax Regulation 1.9202(7)1(a), the criteria to meet the permanent resident exemption require continuous and uninterrupted occupancy of a room in a hotel. However, a transfer from one hotel to another operated under a different meals and rooms registration, even though the hotels may be under single ownership, will be considered a discontinuance or interruption of the occupancy, with no exemption from tax available.

If you separate the [Company] from the [Company] and receive a separate Vermont meals and rooms license, the transfer of a guest to the other hotel will interrupt the thirty consecutive days' occupancy and permanent resident status for Vermont meals tax will not be achieved.

This ruling is based on the definitions of a permanent resident for the purposes of Vermont rooms tax. The Department makes no representation as to what constitutes a permanent resident for purposes of landlord/tenant relationship.

This ruling is issued solely to your firm and is limited to the facts presented as affected by current statutes and regulations. Other taxpayers may refer to this ruling to determine the Department's general approach, but the Department will not be bound by this ruling in the case of any other taxpayer or in the case of any change in the relevant statutes or regulations.