

**Revenue Ruling  
No. 03- 007  
Sales and Use Tax  
December 8, 2003**

**State Sales Taxability of Hotel Rooms Occupied by Long-Term or Permanent Guests**

The purpose of this Revenue Ruling is to discuss the department's position concerning the sales taxability of charges for hotel room occupancy, where guests occupy rooms permanently or for extended durations. The Ruling will discuss the taxability of room occupancy charges in scenarios where natural persons pay for and occupy rooms themselves, and scenarios where businesses or institutions engage and pay for rooms on a long-term basis that are not necessarily occupied each night by the same natural persons.

Louisiana Revised Statute 47:301(14)(a) defines the services that are subject to the tax to include the furnishing of sleeping rooms, cottages, or cabins by hotels. The term "hotel" is defined at R.S. 47:301(6) to include any establishment engaged in the business of furnishing sleeping rooms, cottages, or cabins to transient guests, where such establishment consists of six or more sleeping rooms, cottages, or cabins at a single business location. Article 61:I.4301(C) of the Louisiana Administrative Code provides that a guest who engages his lodging and pays his bills on a monthly basis and who remains as a guest for two consecutive months is considered to be a permanent guest and not transient. Guests who pay their bills on a daily, weekly, or other basis more frequent than monthly are not eligible to be considered permanent under LAC 61:I.4301(C), even though the duration of their stays might extend to longer than two months.

When a hotel establishes that a guest is permanent under the above criteria, the Louisiana sales tax is not due beginning with the third month of the guest's occupancy of the hotel room. The tax shall be payable for the first two months' occupancy of the room. An exemption is however, allowed on the first two months of the guest's stay if there is a binding and enforceable contract between the hotel and its guest entered into at the beginning of the occupancy, under which the guest is obligated to occupy and pay for the room for a minimum of two months. The payments for the use of the hotel room shall continue to be non-taxable as long as there is no break in the guest's payments for the occupancy of the room and payment for the room is made no more often than once a month.

The exemption for permanent guests shall apply not only to rooms that are paid for and occupied by natural persons, but also to rooms that are paid for and occupied at the direction of businesses and other "persons" as defined at R.S. 47:301(8), such as airlines, trucking companies, shipping lines, and others who enter into long-term contracts with hotels for the occupancy of hotel rooms by their employees. The rooms can be occupied during the minimum two-month rentals at the direction of the persons responsible for the bills by the same or by changing occupants, provided that the requisite number of contracted rooms, not necessarily the same rooms, are set aside each night for the duration of the rental periods, and are paid for regardless of use or non-use.

Questions concerning this matter can be directed to the Taxpayer Services Division at (225) 219-7356.

Cynthia Bridges  
Secretary

By: Raymond E. Tangney  
Senior Policy Consultant  
Policy Services Division

**A Revenue Ruling is written to provide guidance to the public and to Department of Revenue employees. It is issued under Section 61:III.101(C) of the Louisiana Administrative Code to apply principles of law to a specific set of facts. A Revenue Ruling does not have the force and effect of law and is not binding on the public. It is a statement of the department's position and is binding on the department until superseded or modified by a subsequent change in statute, regulation, declaratory ruling, or court decision.**