

Delinquent TOT in South Lake Tahoe adds up to \$569,476

By Kathryn Reed

South Lake Tahoe hotels owe the city more than a half million dollars in taxes and penalties. The properties are deliberately not paying the city the transient occupancy tax they collect.

City Attorney Patrick Enright was back in court this week fighting to get the \$43,000 Inn at Heavenly owes.



Blue Lake Inn just paid its back taxes with penalty to South Lake Tahoe.

The TOT collected by lodging establishments must be handed over to the city within 15 business days after the last of the month.

“Delinquent TOT is an unlawful use of the city’s revenues,” Finance Director Christine Vuletich said.

In May, South Tahoe received \$129,000 in back TOT, penalties and interest on the Blue Lake Inn, and \$75,000 from the Fantasy Inn.

“Both of these, and all of the delinquent TOT, paid significant penalties and interest so it would be beneficial to hotel operators if they paid in a timely manner. For instance, in the Blue Lake Inn case, the actual back TOT and [Tahoe Tourism Improvement District] was about \$75,000, with the remainder in penalties and interest,” Enright said.

Blue Lake Inn was in foreclosure. Wells Fargo paid the city after the bank sold the property.

With Wells Fargo having the loan on the Fantasy Inn, the bank interceded to pay the TOT when the city threatened to close the property.

The Paradise Motel was supposed to send a check on May 25 for \$6,060.96. This breaks down to \$4,092.26 in TOT, \$723 delinquent TTID, and \$1,245.70 in penalties and interest.

Properties involving two members of the South Lake Tahoe Lodging Association – Jerry Bindel and Danny Freemon – have been affiliated with properties that are part of the problem. Premier Resorts used to own Lakeland Village. They owe the city \$164,344.17, which include penalties and fees. A lien is on the property. Bindel is not allowed to speak for this company because they no longer own the property he manages.

Freemon is part of the Lake Tahoe Group that has several hotels on Emerald Bay Road, including the Pine Cone Acre Motel that owes more than \$23,000. Freemon did not return a phone call.

“Poor business practices and dishonesty are the primary reasons that hotels and motels become delinquent in paying the city the TOT they have collected, and this behavior has increased with the economic recession,” Vuletich said.

TOT is one of the city’s main revenue sources for the general fund. Some of the things the general fund budget pays for are police, fire, snow removal, streets, and parks and recreation.

“The money is city money that they collect for us as condition of doing business,” City Manager Dave Jinkens said. “... they need to know that city government will pursue them in civil and criminal courts if the facts warrant both civil and criminal prosecution.”

Click on TOT to see the delinquency report as of April 30. With penalties included, the city is owed \$569,476.06.