

November 14, 2024

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

INTENDED FOR ADDRESSEE(S) ONLY

Holiday Inn Express
9750 Key Pointe Ave
Hesperia, CA 92345
Attn: Sid Villegas

Re: Notice of Intent to Revoke Business License for Failure to Remit Delinquent Transient Occupancy Taxes

Dear Sid Villegas:

As you are aware, our office represents the City of Hesperia ("City") as its City Attorney. This letter serves as formal notice that the City is initiating the process to revoke the business license for Holiday Inn Express ("Inn") due to your continued failure to remit Transient Occupancy Taxes (TOT) as required under The City of Hesperia Municipal Code Chapter 3.10.30. This failure to comply with the City's requirements constitutes grounds for revocation of your business license under Hesperia Municipal Code Section 5.04.140.

Under Hesperia Municipal Code Section 3.10.030, all operators of hotels and similar establishments within the City are required to collect TOT from their guests and remit those funds to the City on a monthly basis. Failure to remit the TOT by the due date results in the imposition of penalties and interest as follows:

- Original Delinquency: Per Section 3.10.060(A), any operator who fails to remit TOT within the time required shall pay a penalty of ten percent (10%) of the tax amount in addition to the tax owed.
- Continued Delinquency: If the delinquency persists beyond thirty (30) days, Section 3.10.060(B) imposes an additional ten percent (10%) penalty on the delinquent tax, in addition to the original ten percent (10%) penalty.
- Interest: According to Section 3.10.060(D), interest at a rate of one-half of one percent (0.5%) per month, or any fraction thereof, shall accrue on the unpaid tax, excluding penalties, until the tax is paid in full.

As of the date of this letter, the Inn has failed to remit TOT payments for the period of November 2023 through January 2024, despite multiple notifications. The ***estimated*** outstanding balance of TOT, including penalties and interest, is **\$287,970.40¹** and continues to accrue interest and penalties.

Additionally, Section 3.10.060(F) authorizes the City's tax collector to estimate the amount of TOT due if an operator refuses or fails to remit the tax. Upon determination of the tax amount due, the tax collector may assess and notify the operator of the amount owed. Any such determination becomes final and conclusive if not challenged within ten (10) days.

Under Hesperia Municipal Code Section 5.04.140, the City is authorized to revoke or deny a business license if a business fails to comply with any applicable local laws, including the TOT regulations. Specifically, Section 5.04.140(A)(1) provides that a business license may be revoked if the license holder violates any provision of local or state laws related to the permitted activity. Continued failure to remit TOT constitutes a violation of the City's municipal code and provides sufficient grounds for license revocation.

Please be advised that unless the outstanding TOT amount is paid in full **within thirty (30) days from the date of this letter (by December 14, 2024)**, the City will commence proceedings to revoke the Inn's business license under Hesperia Municipal Code Sections 5.04.140 and 5.04.160. If the business license is revoked, the Inn will be prohibited from continuing operations within the City of Hesperia. In addition to revoking the Inn's business license, the City is prepared to pursue all necessary legal actions, including civil litigation, to recover the unpaid TOT, along with penalties and interest.

To avoid these significant consequences, you must remit the full balance of unpaid TOT and provide any necessary financial records for verification. Please contact Casey Brooksher at 760-947-1813 or me, Pam Lee, at 949-223-1170, or via email at plee@awattorneys.com to arrange payment and resolve this matter.

¹ The estimated outstanding balance of \$287,970.40 is calculated based on an estimated TOT amount of \$232,567.41, plus an estimated amount of \$55,402.99 in penalties and interest per Hesperia Municipal Code Section 3.10.060. This estimate is derived from an average of actual Operator TOT return forms submitted by the Operator between October 2022 and September 2023. As the Operator has not submitted these forms for the period in question, the City is unable to provide a precise assessment of the TOT owed.

Holiday Inn Express
November 14, 2024
Page 3

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We urge you to take immediate action. Failure to comply with the City's requirements will result in severe consequences for your business. Thank you for your anticipated cooperation.

Sincerely,

ALESHIRE & WYNDER, LLP

A handwritten signature in blue ink, appearing to read 'Pam K. Lee', is written over a faint, circular official stamp.

Pam K. Lee
City Attorney, City of Hesperia

PKL:TDH

Enclosure

Holiday Inn Express
Delinquent TOT Amount

Holiday Inn Express TOT (Based on Actual TOT Tax Return Forms submitted to City and Estimated TOT)

10/21/2024
0.50%

Year	Period	Quarter	Tax	TOT Amount	Late	Penalty 1	Penalty 2	Interest	Total
2023	November*	2		30,379.00	12/31/2023	3,037.90	3,341.69	1,493.63	38,252.22
2023	December	2		27,536.18	1/31/2024	2,753.62	3,028.98	1,211.59	34,530.37
2024	January*	3		26,943.39	2/29/2024	2,694.34	2,963.77	1,055.28	33,656.78
2024	February*	3		22,452.31	3/31/2024	2,245.23	2,469.75	763.38	27,930.67
2024	March*	3		33,386.80	4/30/2024	3,338.68	3,672.55	968.22	41,366.25
2024	May	4		27,361.55	6/30/2024	2,736.16	3,009.77	515.31	33,622.79
2024	June	4		21,705.96	7/31/2024	2,170.60	2,387.66	296.65	26,560.87
2024	July	1		21,992.64	8/31/2024	2,199.26	2,419.19	186.94	26,798.03
2024	August	1		20,809.58	9/30/2024	2,080.96	2,289.05	72.83	25,252.42
				232,567.41		23,256.75	25,582.41	6,563.83	287,970.40

*TOT Amount based upon monthly average of payment for the period of November 2022 to October 2023

Base Tax	232,567.41
Penalties	48,839.16
Monthly Interest	6,563.83
NSF Fee	-
Total Taxes, Penalties & Interest	287,970.40