



**Council Auditor's Office**

**Follow-up on Tourist Development and Convention Development Taxes Audit**

**Report #813B**

**Released on:** April 11, 2023

**OFFICE OF THE COUNCIL AUDITOR**  
 Suite 200, St. James Building



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Honorable Members of the City Council  
 City of Jacksonville

The purpose of this report is to document our second follow-up review of our past report #813, Tourist Development and Convention Development Taxes Audit, and to determine whether corrective action has been taken in response to our findings and recommendations. We are providing this special written report in accordance with Ordinance Code Section 102.102. This report does not represent an audit or attestation conducted pursuant to Government Auditing Standards. The initial audit report and follow-up report can be found on our website.

We sent follow-up letters to the Tax Collector’s Office and the City’s Chief Administrative Officer on February 22, 2023, inquiring as to the status of the original audit report recommendations after the first follow-up report. We reviewed the recommendations from our audit report and previous follow-up report, the auditees’ responses to the recommendations, and the auditees’ responses to our follow-up letter. We then performed limited testing to verify the responses.

Based on the response received and our follow-up testing, a table detailing the original number of issues noted and the number of issues resolved as of this follow-up is included below.

<b>Types of Issues</b>	<b>Original Number of Issues</b>	<b>Issues Cleared Prior to This Follow-up</b>	<b>Remaining Issues Prior to This Follow-up</b>	<b>Issues Cleared During This Follow-up</b>	<b>Remaining Issues</b>
Internal Control Weaknesses	2	1	1	1	0
Findings	1	0	1	1	0
Opportunities for Improvement	2	1	1	0	1
<b>Total</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>1</b>

**Opportunity for Improvement 1 - Not Collecting Taxes from “Peer-to-Peer Property Rental” Companies**

The issue in the original audit was that “peer-to-peer property rental” companies (e.g., Airbnb) did not submit Tourist Development and Convention Development Taxes to the City. We recommended that the Administration work with the applicable parties to decide on how to proceed with this issue, including whether to sign an agreement with Airbnb and other similar companies or to pursue other alternatives that would ensure the City is collecting the accurate amount of Tourist Development and Convention Development Taxes.

As of the first follow-up, the Finance and Administration Department indicated that, due to zoning issues, the proposed ordinance that sought to resolve this matter failed to pass and that there was still no agreement in place with the peer-to-peer property rental companies to collect and remit the taxes on behalf of hosts. Individual hosts may collect and remit taxes on their own. The Finance and Administration Department estimated in the first follow-up that approximately \$500,000 was under collected annually. We continued to recommend that the Administration work with applicable parties to ensure the City was collecting the accurate amount of Tourist Development and Convention Development Taxes.

We received the following response from Joey Greive, City's Chief Financial Officer, when we inquired as to the status of this issue.

*We continue to agree with the recommendation of ensuring that short term transient accommodations are paying the taxes that are required under Florida Law. While we cannot enter into an agreement with the major booking companies without council authority to ensure that their listings are automatically collecting and remitting local taxes, we have onboarded an audit firm to audit the individual accounts that are registered directly with the tax collector. While this ensures more accurate collection for currently registered accounts, it does not capture those who are not individually registered either on purpose or incorrectly assume the booking platforms are doing this for them. We will work with the next administration and City Council to assess the appetite for bringing an agreement between the City and major short-term hosting companies to City Council for their approval which would capture the majority of currently unregistered listings in the county.*

Based on this response, we will follow up on this item in the future.

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We would like to thank the Tax Collector's Office and the City's Finance and Administration Department for their cooperation in conducting this follow-up review.

Respectfully submitted,

*Kim Taylor*

Kim Taylor, CPA  
Council Auditor