



City of San Marcos

Hotel Occupancy Tax Payment Processing Fees

July 7, 2026



Purpose

- Amend Hotel Occupancy Tax Ordinance 78.103
- Amend the City's FY26 Fee Schedule



Why Implement a Payment Processing Fee?

Current Process:

- City absorbs all credit card processing fees for Hotel Occupancy Tax payments.
- Annual cost reaches approximately \$40,000 for Hotel Occupancy Tax payments alone.



Proposed Process

Pass on the payment processing fee for Hotel Occupancy Tax:

- 3% processing fee for credit card transactions
- \$2 fee for Electronic Check Processing transactions

Financial Impact:

- Implementing a payment processing fee to the hotel occupancy taxpayer would save the City approximately \$40,000 year.