



## Lodging Tax

Local governments may levy a tax on lodging furnished to transient guests by hotels and motels. Municipalities or townships may levy a lodging tax of up to 3.0 percent, plus an additional tax of up to 3.0 percent if they are located (wholly or partly) in a county that has not levied a lodging tax. Counties may levy a lodging tax of up to 3.0 percent, but may not levy such a tax in any municipality or township that has already levied the additional lodging tax. State law also permits local governments to levy special lodging taxes for designated purposes or specified projects (such as for convention centers). In 2012 (latest year available), approximately \$150.4 million was collected by local governments for the lodging tax.

Calendar Year	Total Local Collections
2008	\$134.1
2009	\$118.5
2010	\$124.4
2011	\$134.3
2012	\$150.4

Source: Amounts reported by counties, townships, and municipalities in surveys sent out by the Department of Taxation.

### Taxpayer

(Ohio Revised Code 505.56 and 5739.08)

This tax is paid by operators of hotels, motels, rooming houses and other facilities providing lodging accommodations for transient guests.

### Tax Base

(R.C. 307.672, 505.56, and 5739.08)

The tax applies to all transactions by which lodging in a hotel, motel, rooming house, and other lodging accommodations are furnished to transient guests. These transactions are also subject to sales tax.

### Rates

(R.C. 307.672, 5739.08, and 5739.09)

The maximum combined tax rate permitted in most locations is 6 percent. However, due to the enactment of

special lodging taxes in some jurisdictions, the maximum combined tax rate might exceed 6 percent. Table 1 shows the highest combined tax rates, as of Dec. 31, 2012, of counties where jurisdictions have enacted a special lodging tax.

Rate	Counties	Rate	Counties
13.0%	Lucas	8.5%	Summit
10.5%	Cuyahoga and Hamilton	8.0%	Ashtabula and Trumbull
10.0%	Franklin and Muskingum	7.5%	Fairfield
9.0%	Guernsey	7.25%	Ross

Source: Amounts reported by counties, townships, and municipalities in surveys sent out by the Department of Taxation.

In 2012, 67 counties (including convention facility authorities), 136 townships, and 194 municipalities – a total of 397 local jurisdictions – levied a lodging tax. Excluding the 11 counties with special lodging taxes, as listed in Table 1, rates ranged from 1.0 percent to 6.0 percent. About 80 percent of the localities with a lodging tax were levied at a 3.0 percent rate.

### Municipalities and Townships

Under Am. Sub. H.B. 519 enacted in 1967, municipalities and townships are permitted to enact a lodging tax of up to 3 percent. Under Am. Sub. H.B. 355 enacted in 1980, municipalities and townships may levy an additional lodging tax of up to 3 percent – but only if the county in which the municipality or township is located has not already imposed a tax under this same law. Therefore, with one exception, noted below, municipal and township lodging taxes have a maximum 6 percent rate.

In 2002, the legislature enacted House Bill 518, which permitted a municipality to levy an additional 1% tax for funding a convention center, contingent on the county in which the municipality is located also enacting a special lodging tax for funding a convention center. Cincinnati enacted a 1.0 percent tax under this law, bringing its total rate to 4.0 percent.

### Counties

Under Am. Sub. H.B. 355 enacted in 1980, counties may levy a lodging tax of up to 3.0 percent except in those

townships and municipalities that already enacted their own lodging tax under the same law.

In addition, various special county lodging taxes have been authorized under state law. Most of these special taxes could only be adopted by a board of county commissioners during a limited time period. Furthermore, revenue produced from these special taxes may only be used for specified purposes. Most of the special county lodging taxes have been restricted to a narrow class of counties, such as counties meeting certain population levels and counties that already had an existing lodging tax imposed for specific purposes.

#### County Convention Facility Authorities

In Am. Sub. H.B. 772 enacted in 1988, the General Assembly permitted convention facility authorities to enact an additional lodging tax of up to 4.0 percent only during a designated six-month period of that calendar year. The legislature also permitted an additional 0.9 percent rate during this time period as long as this tax and the municipal or township tax authorized by the 1967 law did not exceed 3.0 percent.

Also, in 2005, Am. Sub. H.B. 66 allowed convention facility authorities located in certain Appalachian counties with populations of less than 80,000 and which did not already levy a lodging tax were authorized, for a limited time, to enact a tax of up to 3.0 percent to pay the cost of constructing, equipping or operating a convention, entertainment, or sports facility.

## Major Exemptions

None.

## Disposition of Revenue

(R.C. 5739.09)

Under the lodging tax authorized in 1967, all tax collections are deposited in the general revenue fund of the municipality or township.

Under the lodging tax authorized in 1980, counties are required to return to municipalities and townships that do not levy any hotel/motel tax a uniform percentage (not to exceed one-third) of revenue generated within the municipality and township. The remainder of the revenue is to be deposited in a separate fund to be used for county convention and visitor bureau expenses.

Municipalities and townships are required to allocate at least one-half of the revenues from the lodging tax authorized in 1980 for convention and visitors bureaus located within the county. Remaining revenues are retained by the municipality or township and deposited into the local general revenue fund.

All revenue from a convention facility authority lodging tax levy is for constructing, equipping, and operating a convention or sports center. Revenue from a special

county or municipal lodging tax is to be used for the purpose designated for that tax levy in state law.

## Special Provisions/Credits

(R.C. 505.56 and 5739.09)

The General Assembly has permitted certain special lodging taxes for various projects and durations. Usually, the General Assembly specifies a time-period of weeks or months within which a local jurisdiction may authorize a special levy. Some of these special levies are listed below.

- Allen County – in 2014, the General Assembly permitted the county to levy a lodging tax of up to 3 percent for the purpose of expanding, maintaining, or operating a soldiers' memorial (the Veterans Memorial, Civic and Convention Center in Lima).
- Ashtabula County – beginning in 2002, an additional 3 percent tax for constructing or operating a convention facility.
- Cuyahoga County – beginning in 1993, an additional 1.5 percent tax for the Rock and Roll Hall of Fame.
- Fairfield County – beginning in 1993, an additional 1.5 percent tax for the acquisition, construction, and equipping of a municipal educational and cultural facility.
- Franklin County – beginning in 1998, a 4.0 percent tax for the county's convention facilities authority, along with an additional 0.9 percent tax, which was offset by a reduction in the city of Columbus's lodging tax.
- Guernsey County – beginning in 1988, a 3.0 percent tax for the county's convention facilities authority.
- Hamilton County – beginning in 2002, an additional 3.5 percent tax for constructing or operating a convention facility (the city of Cincinnati also levied an additional 1.0% tax for the same purpose, as was permitted by the same legislation that allowed Hamilton County to levy the tax.)
- Lucas County – beginning in 1985, an additional 3 percent levy for convention center construction; beginning in 1997, an additional 2 percent levy for the county convention and visitors' bureau in promoting the region; beginning in 2006, an additional 2.0 percent levy for various purposes including construction of a new arena, though the tax is not charged in the city of Maumee or in Jerusalem, Springfield, or Swanton townships, as those communities were already imposing a tax when the levy was enacted; and, in 2007, Monclova Township levied an additional tax, making the combined rate in that township 13.0 percent.
- Muskingum County – beginning in 1988, an additional 4.0 percent levy for the county's convention facilities authority; and, beginning in 2013, the General Assembly permitted the county's convention facility authority (CFA) to allocate up to 15.0 percent of lodging tax revenue to other uses such as tourism facilities and programs as well as maintenance for the county fairground.

- Ross County – beginning in 2005, an additional 1.25 percent levy for the county’s convention facilities authority.
- Stark County – beginning in 2014, the General Assembly permitted the county convention and visitors’ bureau to use up to \$500,000 from an existing lodging tax to finance projects to improve and maintain a stadium located in the county, in cooperation with other parties.
- Summit County – beginning in 1993, an additional 1.5 percent levy for the acquisition, construction, and equipping of a municipal educational and cultural facility; and, beginning in 2007, an additional 1.0 percent levy for a ten-year period for the county convention and visitor’s bureau.
- Trumbull County – beginning in 2004, an additional 1.5 percent to support a “port authority military-use facility.”

## Sections of the Revised Code

Sections 307.672, 307.695, 351.021, 353.06, 505.56, 505.57, 5739.08, and 5739.09.

## Responsibility for Administration

County commissioners, township trustees, legislative authority of a municipality, and/or convention facilities authorities.

## Recent Legislation

### Am. Sub. H.B. 59, of the 130th General Assembly

**Lake Facilities Authority** –The bill establishes a Lake Facilities Authority (LFA) to rehabilitate, improve, or promote an impacted lake district in the state. Such a district includes municipalities and townships with territory within watersheds of an impacted lake (effectively, Grand Lake St. Marys). The LFA is permitted to levy a lodging tax with voter approval, as long as the rate would not cause the aggregate rate of lodging taxes applicable in the impacted district to exceed 5.0 percent.

**County Allocation** –The bill permits convention facilities authorities in counties with a population between 80,000 and 90,000, according to the 2010 Census (Muskingum County) to allocate a portion of lodging tax revenue (up to 15 percent of the preceding year’s tax revenue) to county and municipal tourism facilities and programs, the improvement and maintenance of county fairgrounds, and other purposes associated with use of a county fair-ground.

**Convention and Visitors’ Bureaus** –The bill requires that lodging tax revenues distributed by a county to a convention and visitors’ bureau be used solely for tourism sales, marketing and promotion, and their associated costs. Such costs include operational and administrative costs of the bureau, sales and marketing, and maintenance of the

physical bureau structure.

### Am. Sub. H.B. 483, of the 130th General Assembly

**Stadium in Stark County** –The bill permits a county with a population of between 375,000 and 400,000 in the most recent federal decennial census (Stark County), and a convention and visitors’ bureau located in that county, to use up to \$500,000 per year from an existing lodging tax to finance projects to improve and maintain a stadium located in the county, in cooperation with other parties.

**Soldiers’ Memorial in Allen County** –The bill permits the county commissioners of a county with a population between 103,000 and 107,000 (Allen County), within six months after the effective date of H.B. 483, to levy a tax on hotel lodging transactions of up to 3.0 percent for the purpose of expanding, maintaining, or operating a soldiers’ memorial (the Veterans Memorial Civic and Convention Center in Lima).

## History of Major Changes

1967	General Assembly authorizes municipalities and townships to levy a lodging tax of up to 3 percent.
1980	General Assembly permits counties to levy a lodging tax of up to 3.0 percent, but only if no municipality or township located wholly or partly within the county already enacted a tax under the same law. Also, municipalities and townships are authorized to enact an additional tax of up to 3.0 percent if a county lodging tax is not in effect.
1994	General Assembly revises 1980 law so that counties may enact a lodging tax of up to 3.0 percent in those areas of the county where a municipal or township tax had not been levied under the 1980 law.
2001	General Assembly permits counties, cities, villages and townships to broaden their lodging taxes to include establishments with fewer than five rooms, and also permits the assessment of penalties and interest for late payments.
2013	General Assembly establishes a Lake Facilities Authority for the area around Grand Lake St. Marys and permits the authority to levy a lodging tax with voter approval. General Assembly requires that lodging tax revenues distributed by a county to a convention and visitors’ bureau be used solely for tourism sales, marketing and promotion, and their associated costs.
2014	General Assembly permits Stark County to use up to \$500,000 from existing lodging tax to finance projects to improve and maintain a stadium located in the county. General Assembly permits Allen County, within six months after the effective date of H.B. 483, to levy a tax on hotel lodging transactions of up to 3.0 percent to expand, maintain or operate a soldiers’ memorial (the Veterans Memorial Civic and Convention Center in Lima).