

## Lodging Tax

### Taxpayer

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

### Tax Base

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

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 sometimes exceeds 6 percent.

As of Dec. 31, 2011, the highest combined tax rates imposed in counties where jurisdictions have enacted a special lodging tax were 13 percent in Lucas County, 10.5 percent in Cuyahoga and Hamilton counties, 10 percent in Franklin and Muskingum counties, 9 percent in Guernsey County, 8.5 percent in Summit County, 8 percent in Ashtabula and Trumbull counties, 7.5 percent in Fairfield County and 7.25 percent in Ross County.

In 2011, the most recent year for which data is available, 65 counties, 138 townships, and 192 municipalities – a total of 395 localities – levied a lodging tax. Excluding the 11 counties with special lodging taxes, as listed above, rates ranged from 1 percent to 6 percent. Eighty-one percent of the localities with a lodging tax were levied at a 3% rate.

The general authority for counties, municipalities and county convention facility authorities to levy lodging taxes is described below.

#### Municipalities and Townships:

Under a 1967 law, municipalities and townships are permitted to enact a lodging tax of up to 3 percent. Under a law 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 percent 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 percent tax under this law, bringing its total rate to 4 percent.

#### Counties:

Under a 1980 law, counties may levy a lodging tax of up to 3 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. See **Special Provisions/Credits** in this chapter for details.

#### County Convention Facility Authorities:

In 1988, the General Assembly permitted convention facility authorities to enact an additional lodging tax of up to 4 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 percent.

Also, in 2005, convention facility authorities located in certain Appalachian counties with populations 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 percent to pay the cost of constructing, equipping or operating a convention, entertainment or sports facility.

### Major Exemptions

None.

## Revenue

(In Millions)

Calendar Year	Total
2006	\$122.5
2007	131.7
2008	134.1
2009	118.5
2010	124.4
2011	134.3

Note: These figures are as reported by counties, townships, and municipalities responding to a Department of Taxation survey.

## Disposition of Revenue

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 33½ percent) 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 visitors 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.

## Payment Dates

Monthly or quarterly.

## Special Provisions/Credits

The General Assembly has authorized the enactment of a lengthy list of special lodging

taxes, including in the following counties:

### Ashtabula County:

The county enacted an additional 3 percent tax for constructing or operating a convention facility during a Sept. 9, 2002 through Sept. 30, 2002 window authorized by House Bill 518.

### Cuyahoga County:

The county enacted an additional 1.5 percent lodging tax for the Rock and Roll Hall of Fame during a Dec. 22, 1992 through March 21, 1993 window permitted by the legislature.

### Fairfield County:

The county enacted an additional 1.5 percent tax for the acquisition, construction and equipping of a municipal educational and cultural facility during a June 30, 1993 to Sept. 30, 1993 window authorized by the General Assembly.

### Franklin County:

In 1988, Franklin County's convention facilities authority enacted a 4 percent levy during a June 29 through Dec. 31, 1988 window authorized by the General Assembly. At that time, Franklin County's convention facilities authority also levied an additional 0.9 percent tax within the city of Columbus, which was offset by a 0.9 percent tax reduction enacted by the city of Columbus.

### Guernsey County:

In 1988, Guernsey County's convention facilities authority enacted a 3 percent levy during a June 29 through Dec. 31, 1988 window authorized by the General Assembly.

### Hamilton County:

During a Sept. 6, 2002 through Sept. 30, 2002 window authorized by House Bill 518, Hamilton County enacted an additional tax of 3.5 percent for constructing or operating a convention facility. Contingent on Hamilton County's action, H.B. 518 permitted the city of Cincinnati to enact an additional 1 percent tax for building or operating a convention facility. The city did so.

### Lucas County:

Lucas County first enacted a special levy of 3 percent for convention center construction during a July 15, 1985 to Oct. 15, 1985 window permitted by the legislature. In 1997, Lucas County was permitted to enact an additional 2 percent for the county convention and visitors bureau in promoting the region, and it did so. In 2006, Lucas County was permitted to enact an additional 2 percent for purposes including construction of a new arena, and it did so. The

tax is not charged in the city of Maumee or in Jerusalem, Springfield or Swanton townships because these communities were already imposing a tax at the time this levy was enacted. Monclova Township later imposed its own lodging tax in 2007 in addition to the county tax, making the combined rate in that township 13 percent.

#### **Muskingum County:**

In 1988, Muskingum County's convention facilities authority enacted a 4 percent levy during a June 29 through Dec. 31, 1988 window authorized by the General Assembly.

#### **Ross County:**

Ross County's convention facilities authority enacted a 1.25 percent levy in 2005, during a special window authorized for Appalachian counties with populations less than 80,000 without a convention facilities authority-enacted tax.

#### **Summit County:**

In 1993, the county enacted an additional 1.5 percent tax for the acquisition, construction and equipping of a municipal educational and cultural facility during a June 30, 1993 to Sept. 30, 1993 window authorized by the General Assembly. In addition, Summit County passed an additional 1 percent tax in 2007 for a period of ten years to fund the county convention and visitor's bureau.

#### **Trumbull County:**

In 2003, the legislature enacted Ohio Revised Code section 5739.09(A)(5), permitting counties to increase lodging taxes by up to 2 percent in support of a "port authority military-use facility." The following year, Trumbull County commissioners used this provision to increase its lodging tax from 2.5 percent to 4 percent.

### **Sections of Ohio Revised Code**

Sections 307.672, 307.695, 351.021, 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.

### **History of Major Changes**

**1967** General Assembly authorizes municipalities and townships to levy a lodging tax of up to 3 percent.

**1980** Legislature permits counties to levy a lodging tax of up to 3 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 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 percent in those areas of the county where a municipal or township tax had not been levied under the 1980 law.

**2001** House Bill 94 permits counties, cities, villages and townships to broaden their lodging taxes to include establishments with fewer than five rooms. The bill also permits the assessment of penalties and interest for late payments.

### **Comparisons with Other States**

(As of July, 2013)

#### **California**

Lodging is not subject to sales tax in California. Certain redevelopment agencies and the legislative bodies of cities and counties are authorized to levy a tax on lodging. The tax, when levied by the legislative body of a county, applies only to the unincorporated areas of the county. The highest tax rate is 15 percent in Anaheim.

#### **Florida**

Lodging is subject to state and local sales taxes in Florida. Counties have authority to levy additional taxes on lodging to including tourism development taxes, tourism impact taxes, and convention development taxes. Certain municipalities may levy a municipal resort tax. The maximum rate in effect for any locality is 20 percent, which includes state sales tax and all applicable local lodging taxes.

#### **Illinois**

Illinois levies a 5.64 percent hotel operators' occupation tax. Municipalities may levy either a hotel operators' occupation tax of 5 percent (with higher authorized rates for certain municipalities). Counties may levy a 5 percent hotel operators' occupation tax as long as the lodging is not located within a city, village, or incorporated town that levies a hotel operators' occupation tax. The Illinois Sports Facilities Authority levies a 2 percent hotel operators' occupancy tax in Chicago. The Metropolitan Pier and Exposition Authority levies a

2.5 percent hotel operators' occupation tax in Chicago.

#### **Indiana**

Lodging is subject to sales tax in Indiana. Some counties may levy an innkeeper's tax under specific statutory authority, and highest of them is 10 percent in Marion County. Counties without specific statutory authority may levy county innkeepers' tax under the uniform county innkeepers tax statutes. The maximum uniform county innkeeper's tax rate is 5 percent.

#### **Kentucky**

Lodging is subject to sales tax in Kentucky. It also levies a transient room tax at a rate of 1 percent. Local governmental entities may charge a tax on transient lodging. The rates range from 1 percent to 7.5 percent depending on location, class of government entity, and the existence of a local tourist and convention facility.

#### **Massachusetts**

Massachusetts does not levy sales tax on lodging. It levies a room occupancy tax at the rate of 5.7 percent. It also levies a 2.75 percent convention center financing fee in Boston, Cambridge, Springfield, Worcester, West Springfield and Chicopee. Cities or towns may impose lodging taxes at a rate of up to 6 percent, except Boston that has the authority to levy 6.5 percent.

#### **Michigan**

Rental receipts from lodging are subject to use tax in Michigan, except receipts from lodging that is not available to the general public on basis of a commercial and business enterprise. Counties with population under 600,000 with a city of 40,000 or more may by ordinance levy a lodging tax of up to 5 percent. Counties and cities may impose a municipal stadium or convention facility development excise tax.

#### **New Jersey**

Lodging is subject to sales tax in New Jersey. New Jersey also levies a hotel and motel state occupancy fee. New Jersey and its local governments and taxing districts levy a variety of state and local sales taxes, lodging taxes, occupancy taxes, tourism taxes, development taxes and luxury taxes that combined may not exceed 14 percent.

#### **New York**

Lodging is generally subject to state and local sales taxes. Certain counties, cities, and villages are authorized to impose hotel oc-

cupancy taxes. New York City's rate is 5.875 percent plus an additional tax of 50 cents to two dollars based on the daily rental rate plus an additional fee of \$1.50 per unit per day.

#### **Ohio**

**In calendar year 2010, in 54 out of 65 counties, locally-enacted rates range up to 6 percent. In the 11 remaining counties, rates range as high as 13 percent in (parts of Lucas County). In Ohio, state and local sales taxes also apply to transient lodging.**

#### **Pennsylvania**

Lodging is not subject to sales tax. Pennsylvania levies a 6 percent occupancy tax. State law authorizes counties to impose lodging taxes, and the maximum rates vary by the class of the county. Allegheny County (Pittsburgh) levies a hotel room rental tax of 5 percent, and a county hotel occupancy tax at a rate of 1 percent. The City of Philadelphia imposes a hotel room rental tax of 6 percent, the Philadelphia Tourism and Marketing Tax of 1 percent, plus a hospitality promotion tax of 1.5 percent.

#### **Texas**

Lodging is not subject to state sales tax. Texas levies a 6 percent hotel occupancy tax. The maximum county rate is in most cases 7 percent. Certain counties may levy a tax of up to 8 percent. The maximum municipal rate is in most cases is 7 percent. Certain municipalities may levy a tax of up to 9 percent. Sports and community venue projects can levy hotel taxes of up to 2 percent with voter approval.

#### **West Virginia**

Lodging is subject to sales tax in West Virginia. There is no state hotel occupancy tax. Cities and counties may levy a hotel occupancy tax of up to 6 percent on hotel rooms.