

LODGING TAX

TAX BASE

All transactions by which lodging in a hotel, motel, rooming house, and other lodging accommodations are furnished to transient guests.

RATES

The maximum combined tax rate permitted in most locations is 6 percent. However, due to the enactment of special lodging taxes in some counties, the maximum combined tax rate sometimes exceeds 6 percent. These counties and their maximum combined tax rates as of December 31, 2000 are: Cuyahoga (7.5%), Fairfield (7.5%), Franklin (10%), Guernsey (9%), Lucas (8%), Muskingum (8%), Richland (9.5%) and Summit (7.5%).

Counties:

Under a 1980 law, counties may enact a tax of up to 3% to be levied only in those municipalities or townships which have not already enacted a tax authorized by the 1980 law. As of December 31, 2000, 57 counties levied a lodging tax.

In addition, various special county lodging taxes have been authorized under state law. Most of these special county lodging taxes could only be adopted by a board of county commissioners during a limited time period. Furthermore, revenue produced from these county taxes could be used only for specified purposes (not for the general fund). Four counties currently have a special lodging tax: Cuyahoga, Fairfield, Lucas, and Summit.

Municipalities and Townships:

Under a 1967 law, municipalities and townships are permitted to enact a lodging tax of up to 3%. Under a law enacted in 1980, municipalities and townships may also levy up to an additional 3% lodging tax. Therefore, municipal and township lodging taxes have a maximum 6% rate. As of December 31, 2000, 131 municipalities and 96 townships levied a lodging tax.

LODGING TAX

RATES (con't.)

County Convention Facility Authorities (CFA):

CFA's were permitted to enact an additional lodging tax of up to 4% only during a designated six-month period of calendar year 1988 for financing a new convention or sports center. An additional 0.9% rate was allowed to be imposed as long as this tax and the municipal or township tax authorized by the 1967 law did not exceed 3%. The Franklin County CFA tax enacted a 4.9% tax in the City of Columbus and a 4.0% tax in areas of Franklin County outside of Columbus. In addition, the Guernsey County CFA enacted a 3% tax and the Muskingum County CFA enacted a 4% tax.

REVENUE (IN MILLIONS)

Calendar	
Year	Total*
1997	\$79.5
1998	86.7
1999	92.5
2000	94.8

* 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 revenue 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 33-1/3%) 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 a 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.

LODGING TAX

DISPOSITION OF REVENUE (con't.)

All revenue from a CFA lodging tax levy is for constructing, equipping and operating a convention or sports center. Revenue from a special county lodging tax is to be used for the purpose designated for that tax levy in state law.

SECTIONS OF THE OHIO REVISED CODE

Sections 307.695, 351.021, 505.56, 505.57, 5739.02(C), and 5739.024.

RESPONSIBILITY FOR ADMINISTRATION

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

REMITTER OF TAX

Operators of hotels, motels, rooming houses, and other facilities providing lodging accommodations for transient guests.

PAYMENT DATES

Monthly or quarterly.

SPECIAL PROVISIONS / CREDITS

Counties are authorized to enact a lodging tax of up to 3%, but if a municipality or township within the county already has the tax authorized by the 1980 law, those areas are not subject to the county tax.

HISTORY OF MAJOR CHANGES

- 1967 • Municipalities and townships were permitted to levy a lodging tax of up to 3%.
- 1980 • Counties permitted to levy a lodging tax of up to 3%, except where a municipality or township located wholly or partly within the county already has the tax; municipalities and townships were authorized to enact an additional tax of up to 3% if the county tax is not in effect.

LODGING TAX

HISTORY OF MAJOR CHANGES (con't.)

- 1985 • Between July 15, 1985 and October 15, 1985 counties were permitted to levy up to an additional 3% lodging tax for convention center construction (Lucas County enacted such a tax).
- 1988 • Between June 29, 1988 and December 31, 1988, a convention facilities authority was permitted to levy up to an additional 4% lodging tax for financing a new convention or sports center (Franklin County CFA enacted a 4% tax, and the Guernsey County CFA enacted a 3% tax).
 - Additionally, a convention facilities authority was permitted to enact an additional tax of up to 0.9% for the same purpose as above, but this tax plus a municipal or township tax under the original 1967 law could not exceed 3%. Any municipality or township that already had a tax under the original law had to agree to this additional tax (Franklin County CFA and the City of Columbus joined together to approve this tax.)
- 1992 • Between December 22, 1992 and March 21, 1993 counties were permitted to levy an additional 1.5% lodging tax for financing a port authority educational or cultural facility (Cuyahoga County enacted such a tax).
- 1993 • Between June 30, 1993 and September 30, 1993, counties were authorized to enact an additional 1.5% tax for the acquisition, construction, and equipping of a municipal educational and cultural facility (Summit County and Fairfield County enacted such a tax).
- 1994 • A revision of the 1980 law authorized counties to enact a lodging tax of up to 3% in those areas of the county where a municipal or township tax had not been levied under the 1980 law.
- 1997 • A board of county commissioners was permitted to impose an additional tax up to 2%, with the revenue designated for the county convention and visitors bureau.

LODGING TAX

HISTORY OF MAJOR CHANGES (CON'T.)

- 1999 • Between March 18, 1999 and May 2, 1999 a board of county commissioners was permitted to impose an additional tax of up to 4% with all revenue going to the convention facilities authority for a new convention facility. (Richland County imposed this tax but repealed it in 2001.)
- 2001 • By resolution enacted between January 4, 2001 and July 3, 2001, a board of county commissioners levying the municipal educational and cultural facility lodging tax could instead use the tax levy proceeds on a port authority educational and cultural performing arts facility (once the tax is no longer needed for its original purpose).
 - A board of county commissioners, board of township trustees, or legislative authority of a municipal corporation permitted to adopt a resolution specifying that, for lodging tax purposes, a "hotel" may include those establishments with fewer than five rooms for accommodation of guests.
 - Lodging tax regulations permitted to prescribe a penalty and/or interest for late payments.

COMPARISON WITH OTHER STATES

California

Cities and counties are authorized to levy a tax on the privilege of occupying a room in a hotel, inn, motel, or other lodging (including campsites). When levied by a county, only applicable to the unincorporated areas of the county.

Florida

Counties are authorized to enact an array of taxes on lodging: Tourism Development Taxes, Tourist Impact Tax, and Convention Development Taxes. The maximum rate is 6 percent.

Illinois

In general, municipalities and counties can impose a tax of up to 5% of gross rental receipts. The City of Chicago, however, can impose a 7.5% tax under these separate levies: 2.5% under the Metropolitan Pier and Exposition Authority Hotel Tax, 3% under the Occupancy Tax, and 2% under the Sports Facilities Tax.

LODGING TAX

COMPARISON WITH OTHER STATES (con't.)

Indiana

Counties are able to impose a tax on lodging with a maximum rate of 5%. Thirty-one counties levy this tax.

Kentucky

Municipalities and counties with a Tourist and Convention Commission may enact a tax of up to 4%. Counties that have established multi-county Tourist and Convention Commission may impose an additional tax of 1%. An urban county government's transient room tax cannot exceed 7%. All other localities can, generally, impose the tax at 1% or 2%.

Massachusetts

The state imposes a tax of 5.7%, while localities have the option of imposing an additional tax of up to 4%.

Michigan

Counties may impose a tax up to 5%; Convention and Tourism bureaus can enact a tax of up to 2% or 4%; special provisions apply regarding population. With voter approval, municipalities may enact a tax up to 1%.

A Convention Facility Development Tax with a rate of 1.5% to 6% is imposed on accommodations.

New Jersey

Municipalities where an international airport terminal is located may enact a tax up to 6%. Municipalities may also establish Tourism Development tax districts and enact a tax not to exceed 2%; limitations apply.

New York

Three specific locations have rates of 7%: Lockport, Niagara County and Niagara Falls City. New York City's rate is 5% plus an additional tax of \$0.50 to \$2.00 based on daily rental rate.

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COMPARISON WITH OTHER STATES (con't.)

Ohio

Municipality or Township - not to exceed a cumulative maximum of 6.0% provided county has not enacted tax.

County - in general not to exceed 3%. May not levy a tax if a municipality or township already levies the tax under the 1980 law. Several counties have also enacted special purpose taxes.

Convention Facilities Authority - not to exceed 4% and an additional tax not to exceed 0.9%. (The authority could only levy the tax between June 29, 1988 and December 31, 1988.)

Pennsylvania

Counties that meet certain requirements authorized to impose a tax with a rate ranging from 2% to 7%; limitations apply. The City of Philadelphia currently has a 5% room rentals tax, a 1% local hotel occupancy tax, and a 1% tourism and marketing tax on hotel rooms.

Texas

State rate is 6%. The maximum county rate is 7%.

A municipality may impose a tax up to 7%; this maximum is raised to 9% for a city that has created a capital improvement plan to expand an existing convention facility. A municipality may also adopt a sports or community venue tax of up to 2% to establish or renovate a sports or community venue project.

West Virginia

Cities and counties are able to impose the tax up to 3% of rent charged.