

## LODGING TAX

### TAXPAYER

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

### 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 6.0 percent. However, due to the enactment of special lodging taxes in some counties, the maximum combined tax rate sometimes exceeds 6.0 percent. These counties and their maximum combined tax rates as of December 31, 2001, the last year for which complete reports are available, are: Cuyahoga (7.5 percent), Fairfield (7.5 percent), Franklin (10 percent), Guernsey (9.0 percent), Lucas (8.0 percent), Muskingum (8.0 percent), and Summit (7.5 percent).

#### **Counties:**

Under a 1980 law, counties may enact a tax of up to 3.0 percent 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, 2001, 59 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 county general fund). Five counties currently have a special lodging tax: Cuyahoga, Fairfield, Hamilton, Lucas, and Summit.

#### **Municipalities and Townships:**

Under a 1967 law, municipalities and townships are permitted to enact a lodging tax of up to 3.0 percent. Under a law enacted in 1980, municipalities and townships may also levy up to an additional 3.0 percent lodging tax. Therefore, municipal and township lodging taxes have a maximum 6.0 percent rate. As of December 31, 2001, 138 municipalities and 102 townships reported levying a lodging tax.

## LODGING TAX

Under a 2002 law, during a limited time period the most populous municipality located in a county that enacted a special 2002 lodging tax levy could levy a tax of up to 1.0 percent for convention facility purposes.

### **County Convention Facility Authorities (CFA):**

CFAs were permitted to enact an additional lodging tax of up to 4.0 percent only during a designated six-month period of calendar year 1988 for financing a new convention or sports center. An additional 0.9 percent 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 3.0 percent. The Franklin County CFA enacted a 4.9 percent tax in the city of Columbus and a 4.0 percent tax in areas of Franklin County outside of Columbus. In addition, the Guernsey County CFA enacted a 3.0 percent tax and the Muskingum County CFA enacted a 4.0 percent tax.

## MAJOR EXEMPTIONS

None.

## REVENUE (IN MILLIONS)

### **Calendar**

<b>Year</b>	<b>Total</b> (1)
1998	\$86.7
1999	92.5
2000	94.8
2001	92.7

**Note:** (1) 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 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.

## LODGING TAX

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.

All revenue from a CFA 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

Counties are authorized to enact a lodging tax of up to 3.0 percent, 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.

### SECTIONS OF OHIO REVISED CODE

Sections 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 authority.

### HISTORY OF MAJOR CHANGES

- 1967 • Municipalities and townships permitted to levy a lodging tax of up to 3.0 percent.
- 1980 • Counties permitted to levy a lodging tax of up to 3.0 percent, 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 3.0 percent if the county tax was not in effect.
- 1985 • Between July 15, 1985 and October 15, 1985, counties permitted to levy up to an additional 3.0 percent lodging tax for convention center construction (Lucas County enacted such a tax).

## LODGING TAX

- 1988
- Between June 29, 1988 and December 31, 1988, a Convention Facilities Authority permitted to levy up to an additional 4.0 percent lodging tax for financing a new convention or sports center (Franklin County CFA and Muskingum County CFA enacted a 4.0 percent tax, and the Guernsey County CFA enacted a 3.0 percent tax).
  - Additionally, a Convention Facilities Authority permitted to enact an additional tax of up to 0.9 percent for the same purpose as above, but this tax plus a municipal or township tax under the original 1967 law could not exceed 3.0 percent. 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 permitted to levy an additional 1.5 percent lodging tax for financing a port authority educational and cultural facility (Cuyahoga County enacted such a tax).
- 1993
- Between June 30, 1993 and September 30, 1993, counties authorized to enact an additional 1.5 percent tax for the acquisition, construction, and equipping of a municipal educational and cultural facility (Summit County and Fairfield County enacted such a tax).
- 1994
- Revision of the 1980 law authorized counties to 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.
- 1997
- Board of county commissioners permitted to impose an additional tax of up to 2.0 percent, with the revenue designated for the county convention and visitors bureau.
- 1998
- Between March 18, 1999 and May 2, 1999, board of county commissioners permitted to impose an additional tax of up to 4.0 percent with all revenue distributed to the Convention Facilities Authority for a new convention facility (Richland County imposed this tax but repealed it in 2001).

## LODGING TAX

- 2001
- By resolution enacted between January 4, 2001 and July 3, 2001, board of county commissioners levying the municipal education 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.
- 2002
- By resolution enacted between September 9, 2002 and September 30, 2002, a board of county commissioners permitted to impose an additional tax of up to 3.5 percent with all revenue to be used for constructing or operating a convention facility. The levy could only be imposed if the board of county commissioners established a Convention Facilities Authority on or before May 15, 2002. The levy could only be imposed if the county levied the “standard” (1980 law) county lodging tax at a 3.0 percent rate as of June 30, 2002. (Hamilton County enacted such a tax).
  - Between September 9, 2002 and September 30, 2002, the largest municipality located in a county imposing the special 2002 convention center tax levy could enact an ordinance imposing an additional tax of up to 1.0 percent for constructing or operating a convention facility. (The city of Cincinnati enacted such a tax).
- 2003
- A board of county commissioners of a county with a population of at least one million persons permitted to do any or all of the following for the purpose of revenue for a convention facility and (if an agreement is reached between the board and municipalities within the county) for capital improvements: adopt a resolution to increase the existing county lodging tax levy to no more than 5.0

## LODGING TAX

percent; adopt a resolution before August 31, 2004 to use revenue from an existing county lodging tax levy; and adopt a resolution to use the revenue from an existing port authority educational and cultural facility tax levy, and to extend the levy by 40 years.

### COMPARISONS WITH OTHER STATES (AS OF 12/03)

#### 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, the tax is 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 combined total rate is 6.0 percent.

#### Illinois

In general, municipalities and counties can impose a tax of up to 6.0 percent of gross rental receipts. The city of Chicago, however, can impose the following tax levies: the Metropolitan Pier and Exposition Authority hotel tax at 2.5 percent; the occupancy tax at 3.0 percent; the sports facilities tax at 2.0 percent; and the municipal hotel tax at 1.0 percent.

#### Indiana

Counties are able to impose a tax on lodging with a maximum rate of 5.0 percent. Thirty-two counties levy a lodging tax.

#### Kentucky

Municipalities and counties with a Tourist and Convention Commission may enact a tax of up to 4.0 percent. Counties that have established a multi-county Tourist and Convention Commission may impose an additional tax of 1.0 percent. An urban county government's transient room tax cannot exceed 7.0 percent. All other localities can, generally, impose the tax at 1.0 percent or 2.0 percent.

#### Massachusetts

The state imposes a tax of 5.7 percent, while localities have the option of imposing an additional tax of up to 4.0 percent. However, the city of Boston levies a room occupancy tax of 4.25 percent and a 0.25 percent baseball stadium tax.

## LODGING TAX

### Michigan

Counties may impose a tax of up to 5.0 percent; and, convention and tourism bureaus can enact a tax of up to 2.0 percent or 4.0 percent; special provisions apply regarding population. With voter approval, eligible municipalities may enact a tax of up to 1.0 percent.

A convention facility development tax with a rate of 1.5 percent to 6.0 percent is imposed on accommodations.

### New Jersey

Municipalities where an international airport terminal is located may enact a tax of up to 6.0 percent. Municipalities may also establish tourism development tax districts and enact a tax not to exceed 2.0 percent; limitations apply.

### New York

Three specific locations have rates of 7.0 percent: Lockport, Niagara County and the city of Niagara Falls. New York City's rate is 5.0 percent plus an additional tax of 50 cents to \$2.00 based on the daily rental rate.

### Ohio

**Municipality or Township – not to exceed a cumulative maximum of 6.0 percent provided county has not enacted tax.**

**County – in general not to exceed 3.0 percent. 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 4.0 percent and an additional tax not to exceed 0.9 percent. (The authority could only levy the tax between June 29, 1988 and December 31, 1988.)**

### Pennsylvania

Counties that meet certain requirements are authorized to impose a tax with a rate ranging from 2.0 percent to 7.0 percent; limitations apply. The city of Philadelphia currently has a 6.0 percent general room rental tax, a 1.0 percent city hotel occupancy tax, and a 1.0 percent tourism and marketing tax. Allegheny County imposes a 1.0 percent sales, use, and hotel

## LODGING TAX

occupancy tax on hotel room rental charges, a 5.0 percent convention center tax, and a 2.0 percent temporary tax.

### **Texas**

State rate is 6.0 percent. The maximum county rate is 7.0 percent.

A municipality may impose a tax of up to 7.0 percent; this maximum is raised to 9.0 percent 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 2.0 percent to establish or renovate a community sports venue project.

### **West Virginia**

Cities and counties are able to impose the tax up to 3.0 percent of rent charged for all rentals up to 30 days in length. However, the city of Charleston and the city of Huntington may impose this tax for all rentals up to 90 days in length.

