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## 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%. However, due to the enactment of special lodging taxes in some counties, the maximum combined tax rate sometimes exceeds 6.0%.

These counties and the highest combined tax rates (as of December 31, 2004) are: Cuyahoga (7.5%), Fairfield (7.5%), Franklin (10.0%), Guernsey (9.0%), Hamilton (10.5%), Lucas (11.0%), Muskingum (8.0%), and Summit (7.5%).

In 2004, the last year for which data is available, 60 counties, 120 townships, and 162 municipalities (126 cities and 36 villages) levied a lodging tax. Rates ranged from 1.0% to 6.0%, but approximately 79.8% were at 3.0%.

***Counties:***

Under a 1980 law, counties may enact a tax of up to 3.0% to be levied only in those municipalities or townships which have not already enacted a tax authorized by a 1967 law. 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).

***Municipalities and Townships:***

Under a 1967 law, municipalities and townships are permitted to enact a lodging tax of up to 3.0%. Under a law enacted in 1980, municipalities and townships may also levy up to an additional 3.0% lodging tax. Therefore, municipal and township lodging taxes have a maximum 6.0% rate.

### 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% for convention facility purposes.

Under a 2005 law, a county where a lodging tax is already in effect may adopt a resolution to levy an additional lodging tax up to 3.0% to construct and equip a convention center in the county. Additionally, certain convention center facilities authorities in Appalachian counties with populations less than 80,000 may levy a lodging tax at any rate up to 3.0%, and a county with a population of 1,200,000 or more may levy a tax on lodging by transient guests in a hotel, to pay the cost of constructing, improving, expanding, equipping, financing, or operating a convention center.

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

CFAs were permitted to enact an additional lodging tax of up to 4.0% 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 3.0%. The Franklin County CFA 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 3.0% tax and the Muskingum County CFA enacted a 4.0% tax.

### Major Exemptions

None.

### Revenue (In Millions)

#### Calendar

Year	Total*
1999	\$92.5
2000	94.8
2001	92.7
2002	95.5
2003	103.7
2004	106.1

**Note:** \*As reported by counties, townships, and municipalities responding to a Department of Taxation survey.

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### Lodging Tax

**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.

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%, 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%.

**Lodging Tax**

- 1980 • Counties permitted to levy a lodging tax of up to 3.0%, 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% 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% 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 permitted to levy up to an additional 4.0% lodging tax for financing a new convention or sports center (Franklin County CFA and Muskingum County CFA enacted a 4.0% tax, and the Guernsey County CFA enacted a 3.0% tax).
  - Additionally, a Convention Facilities Authority 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 3.0%. 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% 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% 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% in those areas of the county where a municipal or township tax had not been levied under the 1980 law.

**Lodging Tax**

- 1997 • A board of county commissioners permitted to impose an additional tax of up to 2.0%, with the revenue designated for the county convention and visitors bureau.
- 1998 • Between March 18, 1999 and May 2, 1999, a board of county commissioners permitted to impose an additional tax of up to 4.0% with all revenue distributed 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 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% 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% 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% for constructing or operating a convention facility (the city of Cincinnati enacted such a tax).

**Lodging 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%; adopt a resolution before August 1, 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.
- 2005 • Counties with a lodging tax already in effect authorized to levy an additional lodging tax up to 3.0% to construct and equip a convention center.
- Convention facilities authorities in Appalachian counties with populations less than 80,000 authorized to levy a lodging tax at any rate up to 3.0%, and a county with a population of 1,200,000 or more authorized to levy a tax on lodging by transient guests in a hotel, to construct, improve, expand, equip, finance, or operate a convention center.

**Comparisons with Other States (As of 01/06)****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: surtax on sleeping arrangements, tourism development taxes, tourist impact tax, and convention development taxes. The maximum combined total rate currently in effect is 21%.

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**Lodging Tax****Comparisons with Other States (As of 01/06)****Illinois**

In general, municipalities and counties can impose a tax of up to 5.0% 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%; the occupancy tax at 3.0%; the sports facilities tax at 2.0%; and the municipal hotel tax at 1.0%.

**Indiana**

Counties are able to impose a tax on lodging with a maximum rate of 5.0%. However, counties that pass an innkeeper's tax may levy a tax rate greater than 6.0%. Fifty-two counties levy an innkeeper's tax.

**Kentucky**

Local governments may charge a tax on the rental of transient lodging facilities. The rate may range between 1.0% and 7.0%, depending on location, class of government, and the existence of a local tourist and convention facility.

**Massachusetts**

The state imposes a tax of 5.7%, while localities have the option of imposing an additional tax of up to 4.0%.

**Michigan**

Local governments may impose a tax of up to 5.0%. Convention and tourism bureaus can enact a tax of up to 2.0% or 4.0%; special provisions apply regarding population. With voter approval, eligible municipalities may enact a tax of up to 1.0%. In addition, a convention facility development tax with a rate of 1.5% to 6.0% may be imposed on accommodations.

**New Jersey**

Municipalities, with certain exceptions, may enact a municipal occupancy tax at a rate up to 3.0%. Municipalities where an international airport terminal is located may enact a tax of up to 6.0%. Municipalities may also establish tourism development tax districts and enact a tax not to exceed 2.0% (limitations apply) and a tourism lodging tax of 1.85%. Atlantic City imposes a 9.0% luxury tax on transient lodging facilities. The state also imposes a 1.0% to 5.0% state occupancy tax, depending on the local rate.

**Lodging Tax****Comparisons with Other States (As of 01/06)****New York**

Three specific locations have rates of 7.0%: Lockport, Niagara County and the city of Niagara Falls. The city of Saratoga Springs imposes a hotel occupancy tax of 5.0%. New York City's rate is 5.0% plus an additional tax of \$0.50 to \$2.00 based on the daily rental rate. Long Beach and Nassau County levy an 8.5% rate.

**Pennsylvania**

Counties that meet certain requirements are authorized to impose a tax with a rate ranging from 3.0% to 12.0%; limitations apply. The city of Philadelphia currently has an 8.0% hotel tax; the Philadelphia city council is also authorized to levy a tax up to 6.0% to fund a convention center.

**Texas**

State rate is 6.0%. The maximum county rate is 7.0%. Counties may impose a tax of up to 9.0%, depending on location, size, and population, and the presence of a city within the county borders. A municipality may impose a tax of up to 7.0%; this maximum is raised to 9.0% for a city that has created a capital improvement plan to expand an existing convention facility.

**West Virginia**

Cities and counties are able to impose the tax up to 3.0% of the cost of hotel rooms if occupancy is less than 90 days.

