


LOCAL TAXES
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. These transactions are also subject to sales tax.

Rates

The maximum combined tax rate permitted in most locations is 6.0%. However, due to the enactment of special lodging taxes in some jurisdictions, the maximum combined tax rate sometimes exceeds 6.0%.

The highest combined tax rates imposed in counties with a special lodging tax (as of December 31, 2005) are: Cuyahoga (7.5%), Fairfield (7.5%), Franklin (10.0%), Guernsey (9.0%), Hamilton (10.5%), Lucas (8.0%, except in Monclova Township where a total 11.0% tax is imposed), Muskingum (8.0%), and Summit (7.5%).

In 2005, the most recent year for which data is available, 60 counties, 125 townships, and 166 municipalities (129 cities and 37 villages) levied a lodging tax. Excluding those counties listed above, rates ranged from 1.0% to 6.0%, but over 80% 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 the 1980 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). 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 **History of Major Changes** in this chapter for details.)

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 (but only if the county in which the municipality or township is located has not already imposed a tax under the 1980 law). Therefore, with the sole exception described below, municipal and township lodging taxes have a maximum 6.0% rate.

In 2002, the most populous municipality located in an eligible county (i.e., a county imposing a maximum 3.5% lodging tax under a 2002 law to fund a convention center) could levy an additional maximum 1.0% lodging tax. This tax is to be used for funding the convention center. The total tax rate imposed by the one municipality levying this tax is 4.0%.

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%.

Under a 2005 law, CFAs located in certain Appalachian counties with populations less than 80,000 and which do not already levy a lodging tax were authorized, for a limited time, to enact a tax to pay the cost of constructing, equipping or operating a convention, entertainment or sports facility of up to 3.0%.

Major Exemptions

None.

Revenue (In Millions)**Calendar**

Year	Total*
2001	\$92.7
2002	95.5
2003	103.7
2004	106.1
2005	114.4

Note: * 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 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 authorities.

History of Major Changes

1967 • Municipalities and townships permitted to levy a lodging tax of up to 3.0%.

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- 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.
- 1997 • A board of county commissioners of a county imposing a tax under the 1985 law is permitted to impose an additional tax of up to 2.0%, with the revenue designated for use by the county convention and visitors bureau in promoting the region in which the county is located (Lucas County enacted such a tax).
- 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).
- 2003 • A board of county commissioners of a county with a population of at least 1.0 million are permitted to do any or all of the following for the purpose of providing 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% (an increase of up to 2.0% from the existing authority to levy up to a 3.0% tax); adopt a resolution before August 1, 2004 to redirect revenue from an existing county lodging tax levy; and adopt a resolution to redirect

the revenue from an existing port authority educational and cultural facility tax levy, and to extend the levy by up to 40 years.

- A board of county commissioners may increase a current lodging tax up to 2.0% with all proceeds for a port authority military-use facility.
- 2005 • Counties with a lodging tax already in effect and with at population of at least 1.2 million are authorized to levy an additional lodging tax up to 3.0% where all or part of the revenue collected is allocated to make payments on bonds and notes issued by or for the benefit of a convention and visitors' bureau to construct and equip a convention center; the tax must be adopted on or before July 1, 2008.
- Convention facilities authorities in "eligible" Appalachian counties with populations less than 80,000 and that do not already impose a CFT lodging tax, may levy a lodging tax up to 3.0% on or before December 31, 2005.
 - On or before July 1, 2008, a county with a population of 1,200,000 or more may levy a tax on lodging up to 2.0% to construct, improve, expand, equip, finance, or operate a convention center.
- 2006 • A board of county commissioners of a county imposing a tax under the 1985 law may impose an additional tax not to exceed 2.0% for funding an arena or convention center, for promoting the region in which the county is located, or a combination of both (Lucas County enacted such a tax). The board may also redirect revenue from existing lodging taxes to be used for funding an arena or convention center, for promoting the region in which the county is located, or a combination of both.

Comparisons with Other States (As of 05/07)

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. The lodging tax is in lieu of a sales tax. In 2006 the maximum rate was 15.0% (Anaheim).

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 rate in effect for any

locality in 2006 was 21%, which includes a 6.0% state transient tax rate and a 6.0% sales and use tax rate.

Illinois

In general, municipalities and counties can impose a tax of up to 4.7% of gross rental receipts. This is in addition to the state hotel occupancy tax rate of 5.64%. 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 3.5%; the sports facilities tax at 2.0%; and the municipal hotel tax at 1.0%. The lodging tax is in lieu of a sales tax.

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 5.0%. Sixty-three counties levy an innkeeper's tax. The lodging tax is in addition to the sales 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. The lodging tax is in addition to the sales tax.

Massachusetts

The state imposes a tax of 5.7%, while localities have the option of imposing an additional tax of up to 4.0%. Boston may impose a rate of up to 4.5%. A convention center fee of 2.75% is levied by some counties. The lodging tax is in lieu of the state sales tax.

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. The lodging tax is in addition to the sales tax.

New Jersey

Municipalities, with certain exceptions, may enact a municipal occupancy tax at a rate up to 3.0%. Munici-

palities 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. Some counties may levy tourism assessments and tourism sales taxes. The state also imposes a 1.0% to 5.0% state occupancy tax, depending on the local rate. In no event may the sum of the occupancy tax plus the state and local sales and use tax exceed 14%.

New York

Certain counties, cities and villages are authorized to impose hotel occupancy taxes ranging from 0.75% to 5%. New York City's rate is 5.0% plus an additional tax of \$0.50 to \$2.00 based on the daily rental rate plus an additional fee of \$1.50 per unit per day. These taxes are levied in addition to both state and local sales taxes.

Pennsylvania

Counties other than Philadelphia and Allegheny are authorized to impose a hotel room rental tax up to 3.0% to 5.0%, depending on county characteristics. The city of Philadelphia currently has an 8.0% hotel tax. Allegheny County (Pittsburgh) imposes a 7.0% tax. The tax is in addition to the state occupancy tax of 6.0%. The state occupancy tax is in lieu of the state sales tax.

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. The lodging tax is in lieu of the sales tax.

West Virginia

Cities and counties are able to impose the tax up to 6.0% of the cost of hotel rooms. Room rental is also subject to the state sales and use tax; there is no state hotel occupancy tax.