



Lodging Tax

Local governments may levy a tax on lodging furnished to transient guests by hotels and motels. Municipalities or townships may levy a lodging tax of up to 3.0 percent, plus an additional tax of up to 3.0 percent if they are located (wholly or partly) in a county that has not levied a lodging tax. Counties may levy a lodging tax of up to 3.0 percent, but may not levy such a tax in any municipality or township that has already levied the additional lodging tax. State law also permits local governments to levy special lodging taxes for designated purposes or specified projects (such as for convention centers). In 2013 (latest year available), approximately \$159.8 million was collected by local governments for the lodging tax.

Calendar Year	Total Local Collections
2009	\$118.5
2010	124.4
2011	134.3
2012	150.4
2013	159.8

Source: Amounts reported by counties, townships, and municipalities in surveys sent out by the Department of Taxation.

Taxpayer

(Ohio Revised Code 505.56 and 5739.08)

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

Tax Base

(R.C. 307.672, 505.56, and 5739.08)

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

(R.C. 307.672, 5739.08, and 5739.09)

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 might exceed 6 percent. Table 2 shows the highest combined tax rates, as of Dec. 31, 2013, of counties where jurisdictions have enacted a special lodging tax.

Rate	Counties	Rate	Counties
13.0%	Lucas	8.5%	Summit
10.5%	Cuyahoga and Hamilton	8.0%	Ashtabula and Trumbull
10.0%	Franklin and Muskingum	7.5%	Fairfield
9.0%	Guernsey	7.25%	Ross

Source: Reported by counties, townships, and municipalities in surveys sent out by the Department of Taxation.

In 2013, 67 counties (including convention facility authorities), 139 townships, and 204 municipalities – a total of 410 local jurisdictions – levied a lodging tax. Excluding the 11 counties with special lodging taxes, as listed in Table 2, rates ranged from 1.0 percent to 6.0 percent. About 80 percent of the localities with a lodging tax were levied at a 3.0 percent rate.

Municipalities and Townships

Under House Bill (HB) 519 enacted in 1967, municipalities and townships are permitted to enact a lodging tax of up to 3 percent. Under HB 355 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 HB 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 1.0 percent tax under this law, bringing its total rate to 4.0 percent.

Counties

Under HB 355 enacted in 1980, counties may levy a lodging tax of up to 3.0 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.

County Convention Facility Authorities

In HB 772 enacted in 1988, the General Assembly permitted convention facility authorities to enact an additional lodging tax of up to 4.0 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 3.0 percent.

Also, in 2005, HB 66 allowed convention facility authorities located in certain Appalachian counties with populations of 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 3.0 percent to pay the cost of constructing, equipping or operating a convention, entertainment, or sports facility.

Major Exemptions

None.

Disposition of Revenue

(R.C. 5739.09)

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 one-third) 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 visitor 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.

Special Provisions/Credits

(R.C. 505.56 and 5739.09)

The General Assembly has permitted certain special lodging taxes for various projects and durations. Usually, the General Assembly specifies a time period of weeks or months within which a local jurisdiction may authorize a special levy. Recent ones are listed below.

- Allen County – in 2014, the General Assembly permitted the county to levy a lodging tax of up to 3.0 percent for the purpose of expanding, maintaining, or operating a soldiers' memorial (the Veterans Memorial, Civic and Convention Center in Lima).
- Stark County – beginning in 2014, the General Assembly permitted the county convention and visitors' bureau to use up to \$500,000 from an existing lodging tax to finance projects to improve and maintain a stadium located in the county, in cooperation with other parties.

Sections of the Revised Code

Sections 307.672, 307.695, 351.021, 353.06, 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.

Recent Legislation

HB 59, of the 130th General Assembly

Lake Facilities Authority – The bill establishes a Lake Facilities Authority (LFA) to rehabilitate, improve or promote an impacted lake district in the state. Such a district includes municipalities and townships with territory within watersheds of an impacted lake (effectively, Grand Lake St. Marys). The LFA is permitted to levy a lodging tax with voter approval, as long as the rate would not cause the aggregate rate of lodging taxes applicable in the impacted district to exceed 5.0 percent.

County Allocation – The bill permits convention facilities authorities in counties with a population between 80,000 and 90,000, according to the 2010 Census (Muskingum County) to allocate a portion of lodging tax revenue (up to 15 percent of the preceding year's tax revenue) to county and municipal tourism facilities and programs, the improvement and maintenance of county fairgrounds,

and other purposes associated with use of a county fair-ground.

Convention and Visitors' Bureaus –The bill requires that lodging tax revenues distributed by a county to a convention and visitors' bureau be used solely for tourism sales, marketing and promotion, and their associated costs. Such costs include operational and administrative costs of the bureau, sales and marketing, and maintenance of the physical bureau structure.

HB 483, of the 130th General Assembly

Stadium in Stark County –The bill permits a county with a population of between 375,000 and 400,000 in the most recent federal decennial census (Stark County), and a convention and visitors' bureau located in that county, to use up to \$500,000 per year from an existing lodging tax to finance projects to improve and maintain a stadium located in the county, in cooperation with other parties.

Soldiers' Memorial in Allen County –The bill permits the county commissioners of a county with a population between 103,000 and 107,000 (Allen County), within six months after the effective date of HB 483, to levy a tax on hotel lodging transactions of up to 3.0 percent for the purpose of expanding, maintaining, or operating a soldiers' memorial (the Veterans Memorial Civic and Convention Center in Lima).

HB 64, of the 131st General Assembly

Sports Park (Erie County) –The bill authorizes a county with a population between 75,000 and 78,000 to increase its rate by 1.0 percent for the purposes described in R.C. 307.679 or promoting travel and tourism in the county. The bill also allows Erie County to pledge any lodging tax it levies towards financing a sports park, not just the 1.0 percent increase.

Agricultural Society (Delaware County) –The bill authorizes a county with an agriculture society hosting an annual harness horse race with at least 40,000 per-day attendees to levy a lodging tax of up to 3.0 percent. The tax is subject to approval of county voters and may be levied for no more than five years. The bill requires that tax revenue be used for permanent improvements at sites where the society conducts events, paying costs of maintaining or operating such permanent improvements, and paying the costs of administering the tax.

Lake Erie Shoreline Improvements –The bill authorizes the counties on the Lake Erie shore to levy a lodging tax of up to 2.0 percent to fund shoreline improvements including the payment of debt charges on any securities issued. The bill authorizes the port authority to issue bonds backed by revenue from the lodging tax. The improvements must be carried out by a port authority. An eligible county must have a territory that includes a part of the lake's shoreline of which represents at least 50 percent of the linear length of the county's border with other counties

in the state. All projects must be located within one mile of Lake Erie's shoreline.

Sports Facilities (Warren County) –The bill authorizes a county with a population between 175,000 and 225,000 that has an amusement park with an average annual attendance of over two million (Warren County) to levy an additional 1.0 percent lodging tax for constructing and maintaining county-owned sports facilities and for promoting travel and tourism with respect to the sports facilities.

Permanent Improvements (Defiance and Hancock Counties) – Authorizes a county with a population between 39,000 and 40,000 that does not currently levy a lodging tax (Defiance County) and a county with a population between 71,000 and 75,000 that currently levies a 3.0 percent lodging tax for a convention and visitors bureau (Hancock County) to levy a lodging tax of up to 3.0 percent for the purpose of acquiring, constructing, equipping, or repairing permanent improvements, as defined in R.C. 133.01. The bill specifies that the tax would apply throughout the county, including in any township, city, or village that levies its own lodging tax.

History of Major Changes

1967	General Assembly authorizes municipalities and townships to levy a lodging tax of up to 3.0 percent.
1980	General Assembly permits counties to levy a lodging tax of up to 3.0 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 3.0 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 3.0 percent in those areas of the county where a municipal or township tax had not been levied under the 1980 law.
2001	General Assembly permits counties, cities, villages and townships to broaden their lodging taxes to include establishments with fewer than five rooms, and also permits the assessment of penalties and interest for late payments.
2013	General Assembly requires that lodging tax revenues distributed by a county to a convention and visitors' bureau be used solely for tourism sales, marketing and promotion, and their associated costs.