



Lodging Tax

Taxpayer

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

Tax Base

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

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 sometimes exceeds 6 percent.

As of Dec. 31, 2006, the highest combined tax rates imposed in counties where jurisdictions have enacted a special lodging tax were 10.5 percent in Hamilton County, 10 percent in Franklin County, 9 percent in Guernsey County, 8 percent in Ashtabula, Lucas and Muskingum counties, 7.5 percent in Cuyahoga, Fairfield and Summit counties, 7.25 percent in Ross County and 7 percent in Trumbull County.

In 2006, the most recent year for which data is available, 61 counties, 130 townships, and 174 municipalities (including 134 cities and 40 villages) levied a lodging tax. Excluding the 11 counties with special lodging taxes, as listed above, rates ranged from 1 percent to 6 percent. Of these 77 remaining counties, a 3 percent lodging tax applied in approximately 80.5 percent of the jurisdictions that responded to a Department of Taxation survey.

The general authority for counties, municipalities and county convention facility authorities to levy lodging taxes is described below.

Municipalities and Townships:

Under a 1967 law, municipalities and townships are permitted to enact a lodging tax of up to 3 percent. Under a law 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 House Bill 518, which permitted the city to levy an additional 1 percent tax for funding a convention center, contingent on the county in which the city is located also enacting a special lodging tax for funding a convention center. Cincinnati enacted a 1 percent tax under this law, bringing its total rate to 4 percent.

Counties:

Under a 1980 law, counties may levy a lodging tax of up to 3 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. See **Special Provisions/Credits** in this chapter for details.

County Convention Facility Authorities:

In 1988, the General Assembly permitted convention facility authorities to enact an additional lodging tax of up to 4 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 percent.

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

Major Exemptions

None.

Revenue (In Millions)

Calendar

| Year | Total |
|------|--------|
| 2002 | \$95.5 |
| 2003 | 103.7 |
| 2004 | 106.1 |
| 2005 | 114.4 |
| 2006 | 122.5 |

Note: These figures are 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 $\frac{1}{3}$ 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.

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.

Payment Dates

Monthly or quarterly.

Special Provisions/Credits

The General Assembly has authorized the enactment of a lengthy list of special lodging taxes, including in the following counties:

Ashtabula County:

The county enacted an additional 3 percent tax for constructing or operating a convention facility during a Sept. 9, 2002 through Sept. 30, 2002 window authorized by House Bill 518.

Cuyahoga County:

The county enacted an additional 1.5 percent lodging tax for the Rock and Roll Hall of Fame¹ during a Dec. 22, 1992 through March 21, 1993 window permitted by the legislature.

Fairfield County:

The county enacted an additional 1.5 percent tax for the acquisition, construction and equipping of a municipal educational and cultural facility during a June 30, 1993 to Sept. 30, 1993 window authorized by the General Assembly.

Franklin County:

In 1988, Franklin County's convention facilities authority enacted a 4 percent levy during a June 29 through Dec. 31, 1988 window authorized by the General Assembly. At that time, Franklin County's convention facilities authority also levied an additional 0.9 percent tax within the city of Columbus, which was offset by a 0.9 percent tax reduction enacted by the city of Columbus.

Guernsey County:

In 1988, Guernsey County's convention facilities authority enacted a 3 percent levy during a June 29 through Dec. 31, 1988 window authorized by the General Assembly.

Hamilton County:

During a Sept. 6, 2002 through Sept. 30, 2002 window authorized by House Bill 518, Hamilton County enacted an additional tax of 3.5 percent for constructing or operating a convention facility. Contingent on Hamilton County's action, H.B. 518 permitted the city of Cincinnati to enact an additional 1 percent tax for building or operating a convention facility. The city did so.

Lucas County:

The county first enacted a special levy of 3 percent for convention center construction during a July 15, 1985 to Oct. 15, 1985 window permitted by the legislature. In 1997, Lucas County was permitted to enact an additional 2 percent for the county convention and visitors bureau in promoting the region, and it did so. In 2006, Lucas County was permitted to enact an additional 2 percent for purposes including construction of a new arena, and it did so.

Muskingum County:

In 1988, Muskingum County's convention facilities authority enacted a 4 percent levy during a June 29 through Dec. 31, 1988 window authorized by the General Assembly.

Ross County:

Ross County's convention facilities authority enacted a 1.25 percent levy in 2005, during a special window authorized for Appalachian counties with populations less than 80,000 without a convention facilities authority-enacted tax.

Summit County:

In 1993, the county enacted an additional 1.5 percent tax for the acquisition, construction and equipping of a municipal educational and cultural facility during a June 30, 1993 to Sept. 30, 1993 window authorized by the General Assembly.

Trumbull County:

In 2003, the legislature enacted Ohio Revised Code section 5739.09(A)(5), permitting counties to increase lodging taxes by up to 2 percent in support of a "port authority military-use facility." The following year, Trumbull County commissioners used this provision to increase its lodging tax from 2.5 percent to 4 percent.

Sections of Ohio Revised Code

Sections 307.672, 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** General Assembly authorizes municipalities and townships to levy a lodging tax of up to 3 percent.
- 1980** Legislature permits counties to levy a lodging tax of up to 3 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 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 percent in those areas of the county where a municipal or township tax had not been levied under the 1980 law.
- 2001** House Bill 94 permits counties, cities, villages and townships to broaden their lodging taxes to include establishments with fewer than five rooms. The bill also permits the assessment of penalties and interest for late payments.

Comparisons with Other States (As of 11/07)
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 2007 the maximum rate was 15 percent (in Anaheim).

Florida

Counties are authorized to enact an array of taxes on lodging, including surtaxes on sleeping arrangements, tourism development taxes, tourist impact taxes, and convention development taxes. The maximum rate in effect for any locality in 2007 was 20 percent, which includes 6 percent in a combined locally-assessed lodging tax rate and a 6 percent sales and use tax rate.

Illinois

In general, municipalities and counties can impose a tax of up to 5 percent of gross rental receipts – in addition to the state's effective hotel occupancy tax rate of 5.64 percent. The city of Chicago imposes the following tax levies: a 2.5 percent Metropolitan Pier and Exposition Authority hotel tax, a 3.5 percent occupancy tax, a 2 percent sports and a 1 percent municipal hotel tax. Lodging taxes are in lieu of a sales tax.

Indiana

Counties are able to impose a tax on lodging with a maximum rate of 5 percent. However, counties that pass an innkeeper's tax may levy a tax rate greater than 5 percent. 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 percent and 7.5 percent, depending on location, class of government, and the existence of a local tourist and convention facility. The lodging tax is in addition to the 6 percent sales tax.

Massachusetts

The state imposes a tax of 5.7 percent. Localities have the option of imposing an additional tax of up to 4 percent (4.5 percent in Boston). Some counties levy an additional 2.75 percent convention center fee. Lodging taxes are in lieu of the state sales tax.

Michigan

Local governments may impose a tax of up to 5 percent. Convention and tourism bureaus may enact a tax of up to 2 percent in counties with populations over 1.5 million (meaning, Detroit's Wayne County) or up to 4 percent in counties with populations under 600,000. With voter approval, eligible municipalities may enact a tax of up to 1 percent to support the construction of stadium or

convention center facilities. A convention facility development tax with a rate of 1.5 percent to 6 percent (determined based upon population figures and the number of rooms in the lodging facility) may be imposed on accommodations. Both lodging and sales taxes are assessed on transient lodging; however, for purposes of calculating the lodging tax, sales taxes are not incorporated into the taxable base.

New Jersey

New Jersey and its local governments and local taxing districts assess a variety of flexible state and local sales taxes, lodging taxes, state occupancy fee, local occupancy taxes, tourism assessments, development taxes and luxury taxes that combined may not exceed 14 percent. The state imposes a 1 percent to 5 percent state occupancy rate, depending on the local occupancy tax rate. Municipalities, with certain exceptions, may enact a municipal occupancy tax at a rate up to 3 percent. A municipality in which an international airport terminal is located may enact a tax of up to 6 percent. Municipalities may also enact a tax, not to exceed 2 percent, to establish tourism development tax districts. Tourism lodging taxes of up to 1.85 percent may be enacted, as well. Atlantic City imposes a 9 percent luxury tax on transient lodging facilities, which combines with a reduced state sales tax rate of 4 percent and a state occupancy rate of 1 percent. Some counties may levy tourism assessments and tourism sales taxes. In the Wildwoods areas, the full state sales tax rate (7 percent) and the tourism tax (2 percent) are added to a tourism lodging tax of 1.85 percent and a state occupancy fee of 3.15 percent.

New York

Certain counties, cities and villages are authorized to impose hotel occupancy taxes ranging from 0.75 percent to 5 percent. Albany County was authorized to assess a rate of 6 percent until Dec. 31, 2008. New York City's rate is 5 percent plus an additional tax of 50 cents to \$2 based on the daily rental rate plus an additional fee of \$1.50 per unit per day. These taxes are levied in addition to the state's 4 percent sales tax and local sales taxes, which may range up to 5 percent.

Ohio

In 77 out of 88 counties, locally-enacted rates range up to 6 percent. In the 11 remaining counties, rates range as high as 10.5 percent in parts of Hamilton County. In Ohio, state and local sales taxes also apply to lodging.

Pennsylvania

The state occupancy tax is collected in lieu of the state sales tax at a rate of 6 percent. Counties other than Philadelphia and Allegheny are authorized to impose a hotel room rental tax (maximum rate of 5 percent) in addition to the state occupancy tax. Allegheny County (Pittsburgh) imposes a 7 percent tax, while the city of Philadelphia assesses an 8 percent hotel tax.

Texas

The state rate, imposed in lieu of the sales tax, is 6 percent. The maximum county rate in most cases is 7 percent; certain counties may impose a tax of up to 9 percent. A qualifying municipality may impose a tax of up to 9 percent. The cities of Houston, Dallas and San Antonio are exempt from the 9 percent rate cap.

West Virginia

Cities and counties are able to impose a tax rate up to 6 percent on hotel rooms. Room rental is also subject to the state sales and use tax. There is no state hotel occupancy tax.