Government Affairs Update

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Cincinnati Passes Short-term rental ordinance

On April 24, Cincinnati City Council passed its version of regulations for short-term rentals listed on platforms such as Airbnb. The legislation creates a new 7 percent tax for short-term rentals, with 100 percent of the funding dedicated to a new affordable housing trust fund.

The rules will also require hosts to register with the city, designate a contact person in case of emergency situations, self-certify that their property complies with city building codes, and carry insurance. It also includes specific nuisance provisions which can lead to the revocation of registration.

The legislation addresses the number of short-term rental units that may be legally operated in multifamily buildings. The final version does not amount to much of a limit, however, as it states that in buildings with four units or less, all of the units in a building could be short-term rentals. In buildings with five or more units, four short-term rentals, plus one for every four additional dwelling units, are allowed.

OHLA, the Cincinnati Hotel Association and member hotels testified at least five different times before the council's Budget and Finance Committee, as well as producing letters and emails to each member of council.

The regulations passed 5 votes to 3. Council members David Mann (the measure's sponsor), Tamaya Dennard, Greg Landsman, P.G. Sittenfeld and Wendell Young voted for the legislation. Members Amy Murray, Jeff Pastor and Christopher Smitherman voted against.

Dayton Convention Center Would be Funded with Lodging Tax Increase

Recently, public officials and their government affairs advisors at the state capitol approached OHLA to discuss a potential lodging tax increase to fund the convention center facility for the operations; capital improvements and the creation of an ongoing reserve fund. The request was for support of a proposal to increase the county-level lodging tax in Montgomery County by 3 percent. According to tax receipt numbers published by the Ohio Department of Taxation, increasing the county lodging tax by 3 percent would yield at least $3,000,000 in additional revenue each year.

Doubling Montgomery County's lodging tax to 6 percent would require approval of the Ohio General Assembly. OHLA, through the Greater Dayton Lodging Council, has asked hotels within Montgomery County to provide their input about an additional lodging tax.

A local task force in Dayton including hotel, CVB, business and other representatives concluded in 2018 that it will be critical to "retain, invest and maintain a high-quality convention center that drives regional economic development." The task force also recommended that "the City of Dayton and its partners must develop 200-300 additional hotel beds in a 3-block radius of the Dayton Convention Center."

There is already a 3 percent county lodging tax, as well as a 3 percent local lodging tax in these jurisdictions: Brookville, Centerville, Dayton, Englewood, Huber Heights, Miamisburg, Moraine, Riverside, Vandalia, West Carrollton; and Butler, Harrison, Miami and Washington townships, according to Ohio Dept. of Taxation. Current tax on lodging also includes a 7.5 percent state/county sales tax, for a combined tax at checkout of 13.5 percent, meaning the new total tax rate would be 16.5 percent.

Even if the proposed increase were implemented, hotels in Montgomery County would still only be taxed at equal or below Cleveland (16.5 percent), Toledo (17.25 percent), Cincinnati (17.5 percent) and Columbus (17.5 percent).

Convention center and convention center hotel renovation, expansion and development has proven to be critical to the hotel & lodging industry in other markets. OHLA does not take a blanket position on proposed lodging taxes, but considers each one individually on its merits. Hoteliers in Montgomery County can share their position via email to joe@ohla.org or Ben.Haller@Concordhotels.com.

Legislature Begins Budget Work in Earnest

The Ohio House has been considering elements in the Governor's proposed operating budget, HB 166. The 1,800-page document contains $69 billion in state spending for Fiscal Years 2020-21. That spending is funded by $20 billion in sales and use taxes, $18 billion from personal income taxes, $9 billion from other taxes and non-tax receipts, and $20 billion in federal grants.

In addition to appropriations, the biennial budget bill is also a vehicle for a myriad of other policy proposals and changes to the Ohio Revised Code. These can include amendments allowing increases in local lodging taxes, changes to any law governing the daily operation of your business, and more. OHLA maintains full-time legislative representation and lobbying capacity at the state capitol year-round. We monitor developments for potential problems, but also look for opportunities to make helpful and positive changes.

The House will continue to hear public testimony and produce its version of the bill early this month, with additional changes included when the House Finance Committee produces their substitute bill in the next couple of weeks. Once the full House of Representatives approves the legislation, it will be considered by the Ohio Senate. Due to Ohio's constitutional requirements, HB 166 must be approved by both chambers of the legislature and sent to the Governor for his signature by June 30.

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