



Phil Mullin

Bill Analysis
Legislative Service Commission

Sub. H.B. 518*
124th General Assembly
(As Reported by H. State Government)

Reps. Schmidt, Cates

BILL SUMMARY

- Authorizes the boards of county commissioners of certain counties to levy an additional excise tax of up to 3 1/2% on lodging, to be used to pay the costs of constructing, expanding, maintaining, operating, or promoting a convention center in the county.
- Authorizes the legislative authority of the most populous municipal corporation locate wholly or partly in such counties to increase that municipal corporation's lodging excise tax by not more than an additional 1% to be used to pay such costs.

CONTENT AND OPERATION

Existing law

Existing law authorizes a board of county commissioners, by resolution, to levy an excise tax not to exceed 3% on transactions by which lodging by a hotel is or will be furnished to transient guests. The board must adopt all regulations necessary to provide for the administration and allocation of the tax. (Sec. 5739.09(A)(1).)

Subject to two exceptions established in existing law, the regulations must provide, after deducting the real and actual costs of administering the tax, for the return to each municipal corporation or township that does not levy an excise tax on these transactions, a uniform percentage of the tax collected in the municipal corporation or in the unincorporated area of the township from each such transaction, not to exceed 33 1/3%. The remainder of the revenue arising from the tax must be deposited in a separate fund and must be spent solely to make contributions to the

* *This analysis was prepared before the report of the House State Government Committee appeared in the House Journal. Note that the list of co-sponsors and the legislative history may be incomplete.*

convention and visitors' bureau operating within the county, including a pledge and contribution of any portion of the remainder pursuant to an agreement authorized by current law between the board and a bureau under which the bureau agrees to construct and equip a convention center within the county. Subject to the same two exceptions established in existing law, on and after May 10, 1994, a board of county commissioners cannot levy the excise tax described above in any municipal corporation or township located wholly or partly within the county that has in effect an ordinance or resolution levying such a lodging excise tax under existing law. (Sec. 5739.09(A)(1).)

Changes proposed by the bill

Counties

The bill creates a third exception to the provisions of existing law described above (sec. 5739.09(A)(1)). It authorizes a board of county commissioners that levies a lodging excise tax on June 30, 2002, under existing law at a rate of 3%, to amend the resolution levying the tax, by a resolution adopted not later than September 30, 2002, to provide for all of the following (sec. 5739.09(A)(4)):

- The rate of the tax must be increased by not more than an additional 3 1/2% on each transaction.
- All of the revenue from the increase in rate must be pledged and contributed to a convention facilities authority established by the board under existing law on or before May 15, 2002, and be used to pay the costs (as defined in the Convention Facilities Authority (CFA) Law) of constructing, expanding, maintaining, operating, or promoting a convention center (see definition below) in the county, including paying bonds, or notes issued in anticipation of bonds, as provided under the CFA Law.
- No portion of the revenue arising from the increase in rate need be returned to municipal corporations or townships as otherwise required by existing law.
- The increase in rate must not be subject to diminution by initiative or referendum or by law while any bonds, or notes issued in anticipation of bonds, issued by the convention facilities authority to which revenue is pledged remain outstanding in accordance with their terms, unless provision is made by law or by the board for an adequate substitute that is satisfactory to the trustee, if a trust agreement secures the bonds.

The bill defines a "convention center" for purposes of this third exception and the "*Municipal corporations*" provision described below to mean any structure expressly designed and constructed for the purposes of presenting conventions, public meetings, and exhibitions, including parking facilities that serve it and any personal property used in connection with the structure or those facilities (sec. 5739.09(A)(4) and (B)(2) by cross-reference to sec. 307.695).

Municipal corporations

The bill also authorizes the legislative authority of the most populous municipal corporation located wholly or partly in a county in which the board of county commissioners has levied a lodging excise tax as described above to amend, on or before September 30, 2002, that *municipal corporations* ordinance or resolution that levies a *lodging excise tax* to provide for all of the following (sec. 5739.09(B)(2)):

- The rate of the tax must be increased by not more than an additional 1% on each transaction.
- All of the revenue from the increase in rate must be pledged and contributed to a convention facilities authority established by that board of county commissioners under existing law on or before May 15, 2002, and be used to pay the costs (as defined in the CFA Law) of constructing, expanding, maintaining, operating, or promoting a convention center (see definition above) in that county, including paying bonds, or notes issued in anticipation of bonds, as provided under the CFA Law.
- The increase in rate must not be subject to diminution by initiative or referendum or by law while any bonds, or notes issued in anticipation of bonds, issued by the convention facilities authority to which revenue is pledged remain outstanding in accordance with their terms, unless provision is made by law, by that board of county commissioners, or by that legislative authority, for an adequate substitute that is satisfactory to the trustee, if a trust agreement secures the bonds.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	02-19-02	p. 1415
Reported, H. State Gov't h0518-rh.124/kl	---	---

