



Sub. H.B. 518*

124th General Assembly
(As Reported by S. Ways & Means)

Reps. Schmidt, Cates, Clancy, Britton, Driehaus, Barrett

BILL SUMMARY

- Authorizes the boards of county commissioners of certain counties to levy an additional excise tax of up to 3½% 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 located wholly or partly in such counties to increase that municipal corporation's lodging tax by not more than an additional 1% to be used to pay such costs.

CONTENT AND OPERATION

Lodging taxes levied by a county under existing law

(R.C. 5739.09(A)(1)-(3))

Continuing 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 (municipal corporations and townships also may levy this tax). The board is required to adopt all regulations necessary to administer and allocate the tax, and the regulations must provide for the return, minus the cost of administering the tax, to each municipal corporation or township that does not levy a lodging tax. The amount returned must be a uniform percentage of the tax collected in the municipal corporation or the unincorporated area of the township, not to exceed 33 1/3%. The remaining tax revenue must be deposited in a separate fund and spent solely to make contributions to the

* This analysis was prepared before the report of the Senate Ways and Means Committee appeared in the Senate 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 between the board and bureau, under which the bureau agrees to construct and equip a convention center within the county.

On and after May 10, 1994, a board of county commissioners cannot levy a lodging tax in any municipal corporation or township located wholly or partly within the county that has in effect an ordinance or resolution levying a lodging tax under existing law, except as follows:

(1) If the 3% lodging tax was levied on June 30, 1997, the board may increase the tax by up to an additional 2% for the county convention and visitors' bureau;

(2) If the 3% lodging tax was levied on March 18, 1999, the board may increase the tax by up to an additional 4% for a county convention facilities authority that was established on or before November 15, 1998.

Under continuing law, no portion of the lodging tax increased under (1) or (2), above, has to be returned to townships or municipal corporations.

Changes proposed by the bill

Increases levied by counties

(R.C. 5739.09(A)(4))

The bill adds a third method by which lodging taxes levied by a board of county commissioners may be increased. It authorizes a board that levies a lodging 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 that:

- The rate of the tax be increased by not more than an additional 3½% on each transaction.
- All of the revenue from the increase in rate 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 Authorities (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 not be subject to diminution by initiative or referendum or by law while any bonds, or notes in anticipation of bonds, issued by the convention facilities authority to which the revenue is pledged, remain outstanding in accordance with their terms, unless provision is made by law or 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 tax increase method 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.

Increases levied by large municipal corporations

(R.C. 5739.09(B)(2))

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 an increase in the lodging tax, as described immediately above, to amend, on or before September 30, 2002, that municipal corporation's ordinance or resolution that levies a lodging tax to provide that:

- The rate of the tax be increased by not more than an additional 1% on each transaction.
- All of the revenue from the increase in rate be pledged and contributed to a convention facilities authority established by the 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 in the county, including paying bonds, or notes issued in anticipation of bonds, as provided under the CFA Law.
- The increase in rate not be subject to diminution by initiative or referendum or by law while any bonds, or notes in anticipation of bonds, issued by the convention facilities authority to which the revenue is pledged, remain outstanding in accordance with their

terms, unless provision is made by law, the board of county commissioners, or the 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	05-14-02	p. 1761
Passed House (86-10)	05-15-02	pp. 1770-1771
Reported, S. Ways & Means	---	---

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