



PROPONENT TESTIMONY TO THE HOUSE WAYS AND MEANS COMMITTEE

HB 571

June 19, 2018

Chair Schaffer, Vice Chair Scherer, Ranking Member Rogers, and members of the House Ways and Means Committee, thank you for the opportunity to testify on HB 571.

HB 571 has been introduced to ensure that hotel intermediaries, which are persons who arrange for booking a hotel room, must remit a lodging tax on the price they charge their customers. This bill applies to people such as travel agents or entities such as Online Tax Companies. These companies, or OTCs, can be used by consumers to book a hotel room within a municipality. However, the municipality cannot collect the lodging tax it is owed by the OTC as they are most often located out of state. This loss of revenue has struck frustrated municipalities around the country.

This legislation seeks to restore this lost revenue stream in two parts. First, the bill defines hotel intermediary as someone who is not the hotel, but instead is either paid a commission by the hotel or arranges for hotel lodging while separately itemizing a service fee. Secondly, the bill defines the price of a room for an overnight stay as the total amount paid by the customer for the room to the hotel intermediary in question. This definition clarifies that the OTC owes a lodging tax on what the customer paid to secure an overnight stay in the room – the price of the room plus any itemized service fee.

HB 571 merely updates current law to reflect the digital age and ensures that municipalities do not lose revenue when customers use OTCs to book hotel rooms online. We appreciate Rep. Greenspan for his work to update the Ohio Revised Code and to ensure the remission of all such taxes owed to Ohio municipalities. We urge your support of this bill.

Thank you for your consideration.

Sincerely,

Kent Scarrett
Executive Director
Ohio Municipal League