

**June 2015 Government Affairs Update**

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**LOCAL ISSUES**

**CITY OF COLUMBUS AND OH&LA EXCHANGE HOTEL/MOTEL REVISIONS**

OH&LA continues to work with industry partners, Experience Columbus, the Columbus Chamber, Columbus City Councilman Zachary Klein and key council staff to help the city address problem properties, while providing adequate protection and considerations for responsible hotel and lodging operators. Council responded very favorably to hotelier concerns during a recent meeting, and incorporated significant changes in a draft ordinance. OH&LA and the Chamber are providing suggestions for further tweaks in the hopes of producing a model which not only allows the city to take action against the most crime-ridden properties, but also offers less at-risk businesses with remediation options.

The industry remains committed to collaborating on a workable solution to addressing problems, but maintains three main principles should be part of any final plan: nuisance activity must by definition be a pattern of repeated occurrences; activities must be weighted in terms of both severity and frequency; and the city's enforcement efforts should not be limited to only hotel and lodging properties.

**AVON CITY LODGING TAX**

The City of Avon recently submitted a Motion for Leave to File a Supplemental Brief in the Lorain County Court of Common Pleas in the pending action filed by OH&LA and our industry partners (OACVB & OTA) on the Avon local lodging tax. Avon City Council enacted an ordinance increasing the city lodging tax from 3% to 6%, even though existing lodging taxes already in place meant the new tax exceeded authority granted by the Ohio Revised Code.

The city's action means they are submitting a new argument to justify the illegal tax. The hotel and tourism community's case is based on a clear reading of the Ohio Revised Code, and an amicus brief from the Ohio Attorney General. Observers expected the court to resolve the case by now, and anticipate action following the city's Supplemental Brief.

**STATE ISSUES**

**ONLINE TRAVEL COMPANY LEGISLATION**

OH&LA continues to work hard for the enactment of legislation that will put hotels and national online travel companies on a level playing field, as the issue of tax parity between the state's lodging property operators and OTCs was deliberated in both the Ohio House of Representatives

and Senate. OH&LA was joined by AH&LA, Marriott International, Hilton, the CVB community, local governments and others in offering testimony and lobbying in favor of HB 150, SB 160, and an amendment to the state budget bill that would require OTCs to remit their full share of sales and lodging taxes.

Ohio remains one of the best chances for the industry to score a big win on OTC tax parity in 2015. Support from key partners includes Cincinnati USA, Destination Cleveland, Experience Columbus, Akron/Summit CVB, and Canton Stark County CVB. The state operating budget will be deliberated in the Senate in early June, and move to a conference committee of both houses before the end of the month.

### **AMAZON.COM AGREES TO COLLECT AND REMIT STATE SALES TAXES**

The online retail giant Amazon.com announced at the beginning of the month that it would start to collect sales tax from Ohio consumers in June. Internet retailers have traditionally fought efforts to collect and remit taxes in the same manner as businesses in Ohio. In addition to affecting customers of Amazon, the action puts more pressure on other online companies who have argued against tax parity between their operations and brick-and-mortar businesses.

## **FEDERAL ISSUES**

### **AH&LA WORKS TO COMBAT DECEPTIVE PRACTICES**

The American Hotel & Lodging Association has undertaken aggressive efforts to combat the deceptive practices of some third party online travel company affiliates. This issue was a key topic discussed by Ohio participants with 10 different members of Congress and their offices and other states at the AH&LA Legislative Action Summit earlier in the year.

Since then, Sen. Chuck Grassley (R-Iowa), Chair of the Senate Judiciary Committee, sent a letter to the Chairwoman of the Federal Trade Commission, asking about the Commission's work on deceptive hotel booking sites. Since the Judiciary Committee has some jurisdiction over the FTC, the Chairman's letter underscores the urgent need for action by that body. The letter highlights the problem and comes on the heels of another letter sent by the Arizona Congressional delegation to the Justice Department earlier this month. OH&LA is asking Ohio lawmakers for their formal support of these efforts as well.

### **HYPOCRISY EVIDENT IN EXTREME WAGE EFFORTS?**

While Los Angeles is moving forward with a minimum wage increase to \$15/hr., the L.A. County Federation of Labor announced that it would seek to include in the final ordinance an exemption for unionized businesses from the increase. This maneuver would mean that unions could use the exemption from the extreme minimum wage as an enticement for employers to allow unionization. Evidence of this tactic has already been seen in the hotel industry following passage of a Hotel Wage Ordinance last year. Negative media coverage and criticism has led the labor federation to back away from the effort, but the action illustrates the difficulty in dealing with wage initiatives, and the ulterior motives that can lie beneath sometimes lofty rhetoric.