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February 2015 Government Affairs Update

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LOCAL ISSUES

ALLEN COUNTY LODGING TAX

Allen County Commissioners are considering a 3% lodging tax increase to fund the Lima Civic Center. OH&LA is working with the Allen County Commissioners, Lima Civic Center, and Allen County CVB to try to find a compromise that would allow for the needed structural improvements. It is our hope OH&LA is able to find a compromise that assists the structural needs of the civic center, maintaining a strong CVB, and keeping the total hotel tax rate at checkout competitive.

AVON CITY LODGING TAX

Avon City Council recently enacted an ordinance increasing the city lodging tax from 3% to 6%. OH&LA believes Avon City Council's new 3% lodging tax exceeded their authority granted by the Ohio Revised Code.

UPDATE: Our industry partners (OACVB & OTA) have attempted to communicate with the City Attorney to no avail. Therefore, the industry partners have chosen to go to ask the court to enjoin the city from collecting the tax. Following that, we will attempt to find other courses of action to avert this illegal tax or litigate the matter further.

MARIETTA LODGING TAX GRAB

As of January 1, 2015, the 3% municipal lodging tax will be divided as follows: 2.5% to the local CVB and .5% will go to the city of Marietta's GRF. The Marietta City Council has also capped the CVB's funding for 2015 at $503,000. Any additional funds generated over the $503,000 cap will go directly to the Marietta GRF. Starting January 2016, the 3% municipal lodging tax will be divided by 2% going to the local CVB and 1% to the city's GRF. The $503,000 cap will be removed.

STATE LEGISLATION

OHIO DEPARTMENT OF HEALTH PROPOSES REGULATING HOT TUBS IN OHIO HOTELS AS "Public Swimming Pools"

The Ohio Department of Health has proposed rule changes to the "Ohio Public Swimming Pool Rules". One of their proposed changes would make hot tubs and possibly jetted tubs in Ohio hotel rooms subject to the same licensing fees and inspections as public swimming pools. OH&LA is working to prevent these unfair new regulations.

OHIO BUSINESS COMPLIANCE INCENTIVE (OBCI)

OH&LA is working with the Ohio Department of Commerce to help define its new program the Ohio Business Compliance Incentive (OBCI). The purpose and objectives of OBCI is to ensure compliance for the safety and welfare of the public and reward good actors in the industry. "Operation Safe Stay" will be an optional program for hotels to participate in that would encourage a stronger compliance passage rate among the industry. It will provide additional educational tools that should help hotels come into state standard compliances. In addition, a new ODC is developing a new tracking device that will reflect inspection scores, highlight the positive aspects of the hotel and noting the opportunities for improvements.

This program is expected to start sometime in the first half of 2015.

FEDERAL LEGISLATION

EXTREME WAGE/MINIMUM WAGE

The U.S. Senate voted not to increase the minimum wage to $10.10/hour. The AH&LA worked with other like-minded associations to educate members of Congress and their staff on the negative impact this major increase would have on the hospitality industry. AH&LA is also working with state associations to fight extreme wage increases of around $15 an hour in Seattle, San Diego, Los Angeles, Chicago and other major markets around the United States. Los Angeles City Council recently voted to increase the minimum wage specifically for hotel employees to $15.37, and AH&LA joined in the filing of a motion to stop its implementation.

TERRORISM RISK INSURANCE ACT

First passed by Congress in 2002 in response to the terrorist attacks of September 11, 2001, the Terrorism Risk Insurance Act (TRIA) was created to provide a federal backstop for terrorism insurance coverage, which had become largely unavailable or cost prohibitive. The program was renewed in 2005 and again in 2007 (as TRIPRA), and the current extension is due to expire in December 2014.

The extension of TRIA is a high priority for AH&LA and the lodging industry, with hoteliers increasingly faced with notices that their terrorism insurance will not be extended, putting in jeopardy future capital projects and opportunities for economic growth and job creation.

It is important to note that the program mandates that "first dollar losses" be paid by insurers and policyholders and not by taxpayers, and that TRIA is only triggered in the event of a major event and after individual insurer loss thresholds are met.

Update: January 2015, Terrorism Risk Insurance Act has been renewed authorizing the program for six more years and increases the share of catastrophic losses that insurers must pay. The program previously would kick in when losses exceeded $100 million, but lawmakers wanted to reduce the potential burden for taxpayers. They also increased the percentage that insurers must pay above that threshold from 15% to 20%. The program has never had to pay out since it was created in 2002 in the wake of the 9/11 terrorist attacks.