



November 2015 Government Affairs Update

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LOCAL ISSUES

OH&LA FIGHTS TO KEEP PROTECTIONS ON LOCAL LODGING TAXES

For decades, Ohio's travel economy has benefited from a carefully-crafted and closely-guarded system which permits local lodging taxes to be subject to very specific parameters. The laws governing lodging taxes are the result of much work and collaboration among entities working to protect Ohio's travel economy. This year, OH&LA and our industry partners have been fighting the creation of a new lodging tax by the City of Avon which violates existing law.

The Court of Common Pleas in Lorain County recently ruled in favor of hotels by stating "A thorough interpretation of R.C. 5739.09 clearly defines the legislative intent to avoid double taxation..." Even with such a decisive opinion from the court against it, Avon has taken steps to appeal the decision. This means OH&LA will be forced to spend additional resources to ensure the decision in our favor is not overturned. If we failed to fight the appeal and lost, the lodging industry in Ohio could see an onslaught of new taxes that don't confirm with current law and historical practice, raising cost at checkout and diverting resources from destination and tourism marketing to other non-related purposes.

OH&LA expects the City of Avon to proceed with the needless appeal of the lodging tax case. This action will necessitate full engagement of our association and our industry partners to uphold the decision against Avon.

STATE ISSUES

OHIO MINIMUM WAGE COULD INCREASE STEEPLY

Three issues were on the Ohio statewide ballot on Nov. 3, but before Ohioans were done voting on those proposals, proposed language was filed for a new 2016 ballot initiative that would increase the minimum wage in the state to \$12.00 per hour by 2021, with continuing automatic

increases after that. The measure could also change the exemption for tipped employees, leading some operations to seriously consider moving to a non-tipping policy.

Any effort to increase the minimum wage by popular vote starts with a significant advantage. Voters are most often inclined to support minimum wage increases, even if they themselves make more than minimum wage. Before the issue makes the ballot officially, hotel and lodging businesses will need to educate employees and associates about the impact of rising wage rates on employer costs and labor markets. OH&LA will launch tools to share information about key issues like minimum wage in 2016.

FEDERAL ISSUES

HOTEL INDUSTRY FIGHTS ANTI-FRANCHISE “JOINT EMPLOYER” RULE

Legislation backed by the American Hotel and Lodging Association, OH&LA and the industry in response to damaging new “joint employer” standards was approved by the U.S. House of Representatives Education & Workforce Committee. H.R. 3459, the “Protect Local Business Opportunity Act,” was passed by a 21-15 vote. The bill would reverse a new “joint employer” standard included in the NLRB’s Browning-Ferris Industries decision. The vote is evidence of desire in Congress to intervene and stop the NLRB from overreaching decisions that negatively impact employers. Joint employer standards make employers liable for actions and activities of workers who they do not employ. Such rules are contrary to the franchise model that has helped foster economic growth and prosperity in America.

Working with partner state associations like OH&LA, the AHLA national grassroots activation produced overwhelming support for the legislation, with thousands of letters and calls delivered to more than 325 Congressional offices in just a few days. OH&LA signed a letter of support that was sent to all House members, urging their support of this legislation.

OVERTIME CHANGES REMAIN ON TRACK TO DING EMPLOYERS & EMPLOYEES

The U.S. Department of Labor’s proposed changes to overtime regulations are expected to take effect beginning in 2016. Under the new rules, the annual salary threshold of employees eligible for overtime pay will more than double from \$23,660 to \$50,440. The rules would exempt Executive, Administrative and Professional employees, with very specific definitions of the job duties for those employees. Other employees who are not exempt will be required to be paid overtime at 1.5 times their hourly rate for all hours in excess of 40 worked each week.

The public comment period on the proposed changes expired Sept. 4. Many comments were submitted, including by OH&LA and other industry partners. The final rules – which hopefully takes the high amount of comments into account – will be promulgated by the Department of Labor in early 2016.