



OHIO HOTEL & LODGING ASSOCIATION
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January 23, 2024

The Honorable Bill Reineke, Chair
Ohio Senate Energy and Public Utilities Committee
Senate Building
1 Capitol Square
Columbus, Ohio 43215

RE: Senate Bill 143 Proponent

Dear Chair Reineke,

The Ohio Hotel & Lodging Association, on behalf of business owners, operators, managers and employees across the entire state, supports important ratemaking reforms in Senate Bill 143.

The lodging industry represents thousands of individuals who contribute to their state and local economies every day, as well as hundreds of companies of all sizes that make brick-and-mortar investments and provide jobs in Ohio communities. The hotel & lodging industry comprises many franchised businesses as well as many entrepreneurial small business owner-operators. These businesses are locally owned and operated, even when they are affiliated with a national brand. A large percentage are family-owned companies.

In 2023, hotels produced more than 34,000 direct jobs (down from 42,000 prior to the pandemic) and supported 164,000 related jobs. Hotels produced \$28 billion in business sales, nearly \$9 billion in wages and \$3.6 billion in federal, state and local taxes.

Our industry and Ohio's travel economy are still recovering. This is the year we expect to be able to report "back to 2019" levels – which will mean we're five years behind with the growth that was forfeited in that time. Travel recovers unevenly, with resort and leisure destinations leading the way, while business travel, conferences and events, critical to our members in Ohio, continue to catch up. A look at Ohio's numbers shows that while travel throughput is up, spending is down.

While slugging their way back to profitability and growth, hotel and lodging businesses are faced with unprecedented rises in costs. While labor, materials and food are often noted, many Ohio hotel operators have seen their largest electricity bill increases in their lifetime in the past three years. Depending on individual circumstances and contracts, these increases have been large enough to wipe out small gains toward net profitability.

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Hotels are large consumers of electricity, due to the 24/7 “always on” nature of their business. Energy is the second largest spending category for a hotel after wages and benefits. The annual average energy expense per room in each of Ohio’s 1,500 licensed hotels has been calculated to just under \$3,000 according to the EPA and industry analysts. Energy expenses as a percentage of revenue can be between two percent and as much as 14 percent of revenue at some smaller, economy segment hotels.

S.B. 143 will greatly assist these businesses and their continued operation by providing necessary relief.

Eliminating Electric Security Plans can avoid the above-market charges now being paid by some business energy consumers. Requiring utilities to periodically file rate cases can also help ensure that consumers are only paying for reasonable costs.

Our organization and its members add their collective voices in respectfully asking for your thoughtful consideration and support of Senate Bill 143 in order to support the continued existence of many Ohio businesses and the prosperity of their employees.

Thank you.



Joe Savarise
President & CEO
Ohio Hotel & Lodging Association

Cc: The Hon. Rob McColley, Vice Chair
The. Hon. Kent Smith, Ranking Member
The. Hon. Mark Romanchuk