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Ohio House Development Committee
Proponent Testimony – House Bill 161
Nick Ciolli, Research Analyst
(Written Only)

Chairman Hoops, Vice Chair Lorenz, Ranking Member Abdullahi, and members of the House Development Committee, my name is Nick Ciolli, the County Commissioners Association of Ohio's Research Analyst. Thank you for the opportunity to provide written proponent testimony for House Bill 161.

House Bill 161 applies the sales and use tax to short-term rental stays (the bill defines "short-term rental" properties as those intended for transient guests with four or fewer rooms) and requires that short-term rental stays be included in the lodging tax base for any existing and future lodging taxes. CCAO is supportive of both provisions but will focus this testimony on the sales tax provision.

The sales tax is the primary source of revenue for the county general fund and is the lifeblood of county government. The sales tax typically accounts for between 45% to 55% of a given county's general fund revenue. Counties can also levy sales taxes for dedicated purposes such as the 9-1-1 system, EMS services, permanent improvements, and others as allowed by the Revised Code.

Counties can levy up to a 1.50% sales tax, in increments of 0.05%, with an additional 0.50% authority existing for detention facility construction and operation if certain criteria are met. CCAO refers to those counties that have a 1.50% sales tax rate as being "maxed out." Fifty-two of Ohio's 88 counties are maxed out, with one (Coshocton County) using the extra 0.50% detention facility authority. These counties are typically in the Appalachian region and western Ohio. A map of counties and their sales tax rate is attached to the end of this testimony.

When a county is maxed out, they have much less budget flexibility than other counties since their ability to generate additional revenue is hampered. They rely primarily on economic growth and base broadening for new revenue. House Bill 161 broadens the base by incorporating transactions that are currently not taxed into the sales tax base.

The short-term rental industry has changed significantly over the past decade, let alone multiple decades. Excluding these entities, which were once primarily bed and breakfasts, from the “hotel” definition (properties that serve transient guests that have five or more rooms) may have made sense when they were truly mom-and-pop establishments that may have struggled to comply with tax law, but times have changed.

Online platforms such as Airbnb and Vrbo have transformed the industry. Airbnb’s Q4 2024 shareholder letter reported gross revenue of $11.1 billion in 2024, net income of $2.6 billion, and 491.5 million bookings. If each of those bookings was only for a single night, Airbnb would have accounted for a combined 1.3 million years worth of short-term rental stays.

House Bill 161 recognizes the changing industry by not only applying the sales and use tax, but also maintaining the tax administration burden protection for the actual owners of short-term rentals. It’s true that Airbnb and Vrbo have radically changed the industry, but at the end of the day many of these properties are still owned by private individuals who may be renting rooms or houses as a side business. For those who use rental platforms such as Airbnb and Vrbo, the collection and remittance of sales and use taxes and the lodging tax must be done by the platform, not the actual rental owner.

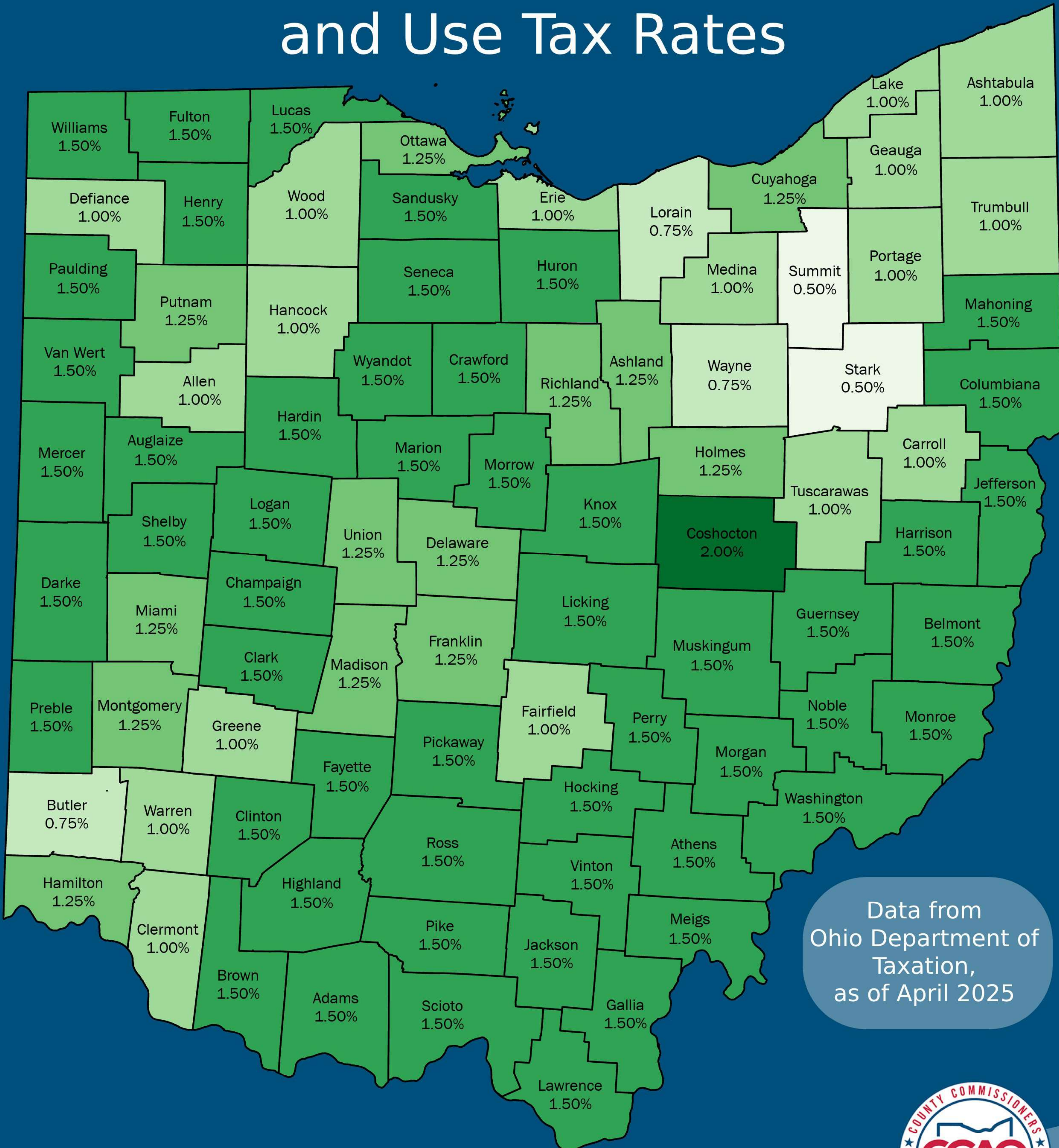
These platforms are better suited to collect and remit taxes than the actual property owners and in many cases already do so. According to Airbnb’s website, the company already collects and remits lodging taxes in Athens County, Cuyahoga County, the City of Cincinnati, and the City of Cleveland. They also list 51 other states, territories, and the District of Columbia and 17 foreign countries that they currently collect and remit taxes in.

If Airbnb can collect and remit taxes in India, Malaysia, and Switzerland, it can collect and remit taxes in Ashtabula County, Erie County, and Hocking County.

House Bill 161 is a good step towards a more equitable Ohio tax code. Broadening the base of any tax helps keep tax rates down by providing for more revenue without requiring governments increase rates. The base broadening in House Bill 161, while it will aid all counties, will be particularly helpful for those counties that are out of sales tax flexibility.

CCAO would like to thank Representative Adam Bird and Representative Jim Thomas for bringing the legislation forward and request that the House Development Committee consider it favorably.

County Permissive Sales and Use Tax Rates



Data from
Ohio Department of Taxation,
as of April 2025

52 counties are at the 1.50% maximum rate, with one (Coshocton County) at thte special-maximum of 2.00%