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March 18, 2026

Via E-mail

Representative James M. Hoops, Chair
Representative Brian Lorenz, Vice Chair
Representative Karen Brownlee, Ranking Member
Development Committee
Ohio House of Representatives

Re: COST Opposes H.B. 161 as it Lacks Central Administration of Local Accommodations Taxes for Short-Term Rentals

Dear Chair Hoops, Vice Chair Lorenz, Ranking Member Brownlee, and Members of the Committee:

On behalf of the Council On State Taxation ("COST"), we respectfully submit this testimony in opposition to House Bill 161 ("H.B. 161") since it lacks central administration election for short-term rental providers in Ohio. We believe central administration is a key element, one which H.B. 161 does not provide.

About COST

COST is a nonprofit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 500 major corporations engaged in interstate and international business, many of which directly conduct business in Ohio. COST's objective is to preserve and promote the equitable and nondiscriminatory state and local taxation of multijurisdictional business entities.

Central Administration of Locally Imposed Accommodations Taxes

Ohio has over 400 municipalities imposing locally administered accommodations taxes that overwhelm businesses that must comply with thousands of jurisdictions nationwide. The burdens of complying with numerous disparate local tax regimes are extremely onerous and the failure to centralize creates compliance costs that far exceed any benefits, discouraging businesses from expanding into smaller localities where compliance costs exceed the tax revenue generated.

While we understand the need for local governments to generate revenue, we encourage you to consolidate state and local accommodations taxes into a single statewide tax applied at a uniform rate and administered by the state tax authority.

The COST Board of Directors has adopted a formal policy position that addresses the need for improving the administration of state local taxes and fees. Central Administration is a critical component of this policy position:

> *Central administration is essential for the efficient imposition and collection of a local tax/fee, which includes registration, filings, payments, refunds, audits, and the initial appeal of an assessment or denial of a refund of a tax or fee. All taxpayers should have an option to elect central administration of local taxes and fees that are currently decentralized. Importantly, that option should not allow local authorities to opt out of centralized administration, since that defeats the purpose of simplifying compliance through a single centralized agency.[1] This issue is growing in importance with the expansion of some localized taxes/fees, such as accommodation/lodging taxes, that are increasingly levied against third parties. Considering that complying with multiple local taxing authorities' requirements is burdensome and inefficient for taxpayers, any new local taxes/fees should be designed and implemented to utilize centralized administration.[2]*

STRI Sales and Accommodations Taxes Study

In July 2022, the State Tax Research Institute (STRI) conducted a study, "Locally Administered Sales and Accommodations Taxes: Do They Comport with *Wayfair*?"[3] The Study discusses at length the tax compliance challenges faced by businesses subject to local taxes. In particular, the Study focuses on local lodging and accommodations tax obligations faced by accommodation platforms, which are internet-based marketplace facilitators that connect lodging providers with consumers seeking accommodations. The Study also describes the compliance burdens imposed upon accommodation platforms that are required to collect local lodging taxes on behalf of brick-and-mortar accommodation providers (*e.g.,* hotel, bed and breakfast, short term rental) in thousands of taxing jurisdictions where the accommodation platform is not physically present. Finally, the Study offers several solutions for reducing the tax and compliance burdens inherent in local taxes, and particularly administratively decentralized local taxes.

Conclusion

We believe central administration and general ease of compliance represent the bare minimum necessary to provide fair, efficient, and customer-focused tax administration. We respectfully suggest that the Committee carefully examine the compliance challenges faced by the accommodations and short-term rental industry and work toward a solution that efficiently administers the taxes without creating unnecessary burdens on the business community.

Respectfully,

Fred Nicely Aziza Farooki

cc: COST Board of Directors
Patrick J. Reynolds, COST President & Executive Director

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[1] Some states allow local jurisdictions to opt into central administration for some of their taxes, but that procedure is a reversal of the ideal situation where taxpayers, and not the local taxing jurisdictions, can choose tax administration through a centralized location.

[2] COST's policy position, "Improving the Administration of State Local Taxes and Fees," is available here: https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/administration-of-state-local-taxes---final.pdf

[3] The Study is available here: https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/local-study.pdf