

Chairwoman O'Brien, Ranking Member Smith, and members of the Ohio Senate Local Government Committee, my name is Morgan Sutter, and I serve as the Director of Government Affairs and Grant Administration for the City of Cincinnati. I appreciate the opportunity to be able to write to you regarding SB 104, sponsored by Sen. Brenner.

SB 104 would limit local governments' ability to regulate short-term rental properties (STRs), subject short-term rental properties to local governments' lodging taxes, and require short-term rental platforms to collect and remit lodging taxes.

The City of Cincinnati is concerned with the provisions of SB 104 that limit its ability to regulate short-term rental properties located within its jurisdiction, as well as the provisions subjecting STRs to lodging taxes.

Cincinnati was one of the first municipalities in Ohio to enact ordinances to regulate STRs and subject them to a taxing structure independent of lodging taxes. These ordinances were developed with substantial input by local short-term rental operators, and they struck what has proved to be a successful balance between the needs of industry and the community at large.

The City's laws consist primarily of:

- A registration program to ensure short-term rental operators have responsible local contacts and a history of safe operations;
- Provisions related to housing units constructed with affordable housing incentives, and on the concentration of units in buildings to stem the loss of much-needed housing; and
- An excise tax that the City has reinvested in constructing new housing through the efforts of the highly regarded Cincinnati Development Fund.

Based on our reading, SB 104 does not consider a municipality like Cincinnati whose existing local ordinance is working and serving both industry and its citizenry well. SB 104 instead appears to conflict with many of the City's well-thought-out initiatives and undermine local efforts to address community needs as they relate to the regulation of STRs.

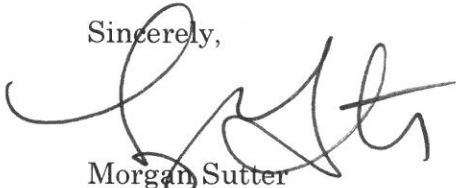
It is worth repeating that the City of Cincinnati directly ties its STR excise tax to its funding of new housing initiatives led by a professional nonprofit lending institution. But again, our reading of SB 104 indicates this would no longer be allowed, because the bill mandates that STRs be taxed through the lodging tax, the proceeds of which are pledged largely to purposes not involving the creation of housing. This would strip away the City's current taxing structure and critical funding stream that supports meaningful housing efforts in the City of Cincinnati. Moreover, SB 104 would likely result in a net tax increase on STRs in the City of Cincinnati, based on the current total lodging tax rate in Hamilton County.

As the Senate Local Government Committee continues its deliberations on SB 104, we encourage consideration of efforts already undertaken by local governments such as Cincinnati to regulate STRs in a manner best for its locale, including tax structure. We

also encourage the Committee to support local governments' right to regulate STRs based on what is best and unique in their communities.

Madame Chair, members of the Committee, thank you again for the opportunity to share our views on SB 104, and we would greatly appreciate your consideration of the points above as you continue your deliberations on this legislation. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Sutter', written over the printed name.

Morgan Sutter

Director, Government Affairs & Grant Administration, City of Cincinnati