



Testimony of Lauren N. Diaz
on behalf of the Ohio Association of Convention and Visitor Bureaus
before the Ohio Senate Local Government Committee

Chair O'Brien, Vice Chair Gavarone, Ranking Member Smith, and members of the Ohio Senate Local Government Committee, thank you for the opportunity to testify before you today.

My name is Lauren Diaz, and I represent the Ohio Association of Convention and Visitor Bureaus (OACVB), an organization the committee is familiar with made up of CVBs from across the state. As you know, these destination marketing organizations are responsible for bringing both tourists and their dollars to the state of Ohio. While they vary in their size, location, and surrounding attractions, they share one commonality – their success depending on an ability to market the region.

OACVB Executive Director, Andy Herf, previously testified in opposition to Senate Bill 104 as introduced specifically to the bill's negative consequences regarding home rule and that until both sales and lodging taxes are collected and remitted on STR properties, the state taxation structure will continue to encourage a distorted, unfair marketplace.

With that being said, on behalf of OACVB as an interested party, I respectfully emphasize that Substitute Senate Bill 104 still represents not only a significant overreach by the state into several matters best handled at the local level, but it may be even more detrimental to the tourism industry in Ohio.

1. Grandfathering of Existing Regulations

While grandfathering local ordinances enacted prior to the effective date of the bill may appear to be a concession, it effectively freezes the regulatory environment, leaving local governments powerless to adapt as the STR landscape continues to evolve. As a partner to local communities and governments this would affect, OACVB believes those communities should not have to rush to pass ordinances under pressure to retain regulatory authority. Future problems require future solutions—and Substitute SB104 would tie the hands of local authority.

2. Cap on Licensing and Renewal Fees

Similarly, increasing the initial STR licensing fee from \$25 to \$50 appears to offer nominal progress, but prohibiting renewal fees ignores the ongoing administrative and enforcement costs local governments face. OACVB believes STRs require active oversight, not just a one-



time registration and local governments must have the ability to fund their own compliance and enforcement mechanisms through reasonable fees.

3. Taxation Restrictions

Prohibiting the application of both excise and lodging taxes and capping local lodging taxes at 7.5% removes critical revenue tools from local jurisdictions. Because CVB funding is directly tied to the lodging tax, a positive feedback loop is created. If the CVB markets an area well and attracts visitors, lodging establishments fill up. Therefore, CVBs are often the catalyst to build additional lodging options, which leads to more revenue, more jobs, and an expanded tax base made up not only of lodging taxes but also employment taxes and sales taxes.

The lodging tax is the only tax that expands *when it is applied properly* often funding infrastructure, tourism, and public services that local residents and transient guests use. Restricting implementation to either one tax or the other results in two unsavory situations:

Option 1: Collect and Remit Lodging Taxes on STRs only.

Lodging tax revenue is used to create infrastructure, economic development, and other business related opportunities, leaving local governments with less and less funds available to keep up with such generated by sales tax. Again, CVBs do **not** receive any of the revenue generated by sales taxes.

Option 2: Collect and Remit Sales Tax on STRs only.

CVBs continue to lose out on available revenue that could be generated by levying lodging taxes on STRs as establishments engaged in the same activities as traditional hotels and motels.

Furthermore, creating an additional, unnecessary patchwork of taxation within local governments – taxing one type of lodging one way and STRs a different way and by different means – creates additional administrative burden at every level.

In essence, as maintained by OACVB and its members, why should traditional hotels and motels continue to contribute fully to these systems while STRs receive state-protected tax relief? OACVB continues to hope for an opportunity for common ground on these issues, through comprehensive legislation that appropriately addresses the broader issues associated with STRs in Ohio.

Thank you for the opportunity to testify and I am happy to answer any questions you may have at this time.