



OHIO HOTEL & LODGING ASSOCIATION
175 S. THIRD ST. SUITE 170
COLUMBUS, OH 43215
P: (614) 461-6462

Testimony to the Ohio Senate Energy and Public Utilities Committee for SB 10 • February 2, 2021

Joe Savarise, Executive Director • Ohio Hotel & Lodging Association

Chairman Peterson, Vice Chair Schuring, Ranking Member Williams and members of the Energy and Public Utilities Committee, thank you for the opportunity to testify in support of Senate Bill 10, which will assist thousands of businesses across Ohio employing tens of thousands of hospitality professionals.

The Ohio Hotel & Lodging Association represents thousands of owners, operators, managers, and employees across the state, as well as hundreds of companies 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 largely locally owned and operated, even when they are affiliated with a national brand. A large percentage are family-owned companies. Prior to the pandemic, hotels produced more than 42,000 direct jobs and supported 192,000 related jobs. Hotels also produced \$27 billion in business sales, \$8 billion in wages and \$4 billion in federal, state and local taxes.

Our industry faces the greatest economic challenges in its history. During the height of business closures due to COVID-19, 29,700 direct hotel jobs (70 percent) and nearly 86,570 supported jobs were lost. Revenue per available hotel room has declined by more than half, and hotel property values have dropped between 25 and 35 percent. Most hoteliers are planning for revenue to decline between 45 and 60 percent in 2021 compared to 2019.

Our worst quarter during the pandemic will be the current quarter, with levels of business at historic lows that will eclipse even the depressed levels at the height of pandemic closures last year. As such, every expenditure and every operational cost is of critical importance to the survival of these employers.

Hotels are large consumers of electricity, due to the 24/7 “always on” nature of the business. Energy is the second largest spending category for a hotel after wages and benefits, representing three to six percent of hotel operating costs, on average. The annual average energy expense per room in each of Ohio’s 1,500 licensed hotels has been calculated to be more than \$2,500 according to the U.S. Environmental Protection Agency (EPA). An analysis of energy expenses as a percentage of revenue shows that this expense can be between two percent and as much as 14 percent of revenue at some smaller, economy segment hotels.

S.B. 10 will greatly assist these businesses and their continued operation by providing necessary relief.

(continued)

The repeal of the decoupling mechanism which was included in H.B. 6 will allow the PUCO, which has the expertise and experience, to approve or not approve these ratemaking mechanisms if it deems them to be necessary. It will also require refunds to electricity consumers for charges that have already started to be collected. This is critical given the negative impacts of these charges on consumers and the economic conditions which have led to less business and lower consumption in our industry.

S.B. 10 will also address the calculation required to measure significantly excessive earnings to restore that to a manner that is fair for individual utility consumers and require refunds to consumers that cannot afford the overpayments at a time when the pandemic threatens the very existence of their business.

Our organization and its members add their voices in respectfully asking for your thoughtful consideration and support of Senate Bill 10 and its provisions that address issues that will allow the continued existence of many Ohio businesses and employers.

Thank you.



Joe Savarise, Executive Director
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