



## May 2015 Government Affairs Update

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### LOCAL ISSUES

#### **CITY COUNCIL MEETS WITH OH&LA ON HOTEL/MOTEL CONCERNS**

OH&LA had a follow-up meeting with interested parties, Columbus City Councilman Zachary Klein and key council staff to move forward with cooperative ideas on helping the city address problem properties, while providing adequate protection and considerations for responsible hotel and lodging operators. The industry remains committed to collaborating on a workable solution to addressing problems, but maintains three main principles should be part of any final plan: nuisance activity must be defined by a pattern of repeated occurrences; activities must be weighted in terms of both severity and frequency; and enforcement should not be limited to only hotel and lodging properties. OH&LA is working on detailed language to help guide the next steps of discussion in the direction of providing a positive way of addressing real problems, while helping other properties avoid the need for such enforcement actions.

#### **AVON CITY LODGING TAX**

Action is expected soon from the Lorain County Court of Common Pleas in the pending action filed by OH&LA and our industry partners (OACVB & OTA) on the Avon local lodging tax. Avon City Council enacted an ordinance increasing the city lodging tax from 3% to 6%, even though existing lodging taxes already in place meant the new tax exceeded authority granted by the Ohio Revised Code.

### STATE LEGISLATION

#### **GENERAL ASSEMBLY APPROVES “OUTDOOR REFRESHMENT AREAS”**

House Bill 47, sponsored by Representatives Louis Blessing (R-Colerain Township) and Denise Driehaus (D-Cincinnati), authorizes the creation of an outdoor refreshment area by a municipal corporation or township. The new law exempts any person who is carrying an opened container of beer or intoxicating liquor, purchased from an establishment with an outdoor refreshment area designation, while at an outdoor location within the outdoor refreshment area from the “Open Container Law”. Local authorities would have to take steps to ensure that individuals confine their drinking to the designated area.

Such districts are limited to one in municipal corporations or townships with a population between 35,001 and 50,000; and not more than two per municipal corporation or township with populations of 50,001 or more. Two years after the bill's effective date, municipal corporations or townships with a population of 35,000 or less can also create one outdoor refreshment area if specified criteria apply. The bill also exempts persons riding a commercial quadricycle from the open container law under certain conditions.

### **ONLINE TRAVEL COMPANY LEGISLATION**

OH&LA supports legislative proposals that will create a level playing field between its members and online travel companies that do not remit their taxes in the same manner as hotel and lodging properties. House Bill 150 was introduced by State Representatives Cheryl Grossman and Gary Scherer. This legislation will allow the industry to provide public testimony in support of the measure, while OH&LA and our partners also work to ensure that the process of creating an amendment to the state operating budget remains on track and on time.

### **STATE OPERATING BUDGET -HOUSE BILL 64**

The Ohio House of Representatives passed its version of the biennial state operating budget, House Bill 64, by a vote of 63-36. The House made sweeping changes to the Governor's proposed budget by eliminating nearly all of the proposed tax increases in his version, while still providing an across-the-board 6.3 percent reduction in personal income tax and an increasing the personal income tax deduction from 50 percent to 75 percent for small business owners.

Tax increases proposed by the Governor that were eliminated in the House version of the budget include the commercial activity tax (CAT) rate increase (23 percent); the sales and use tax rate increase (8.7 percent); the expansion of the sales and use tax to services primarily purchased by businesses and some individuals; the increased severance tax on oil and gas; a \$1.00 per pack tobacco tax increase; and a tax on vapor products.

The bill now moves to the Ohio Senate for consideration.

## **FEDERAL ISSUES**

### **OH&LA MEMBERS ATTEND NATIONAL LEGISLATIVE SUMMIT**

A large contingent from Ohio met with 10 different members of Congress and their offices during the AH&LA Legislative Action Summit in Washington, DC on April 14 and 15. Priority issues at the national level for 2015 include:

**Protecting the Franchise Model:** New rules developed by the National Labor Relations Board (NLRB) threaten to stifle job creation and destroy the current franchise model, which has allowed so many small businesses to grow and prosper. The recommended changes would negatively impact new businesses start-ups and job creation, and negate thousands of contractual relationships putting many more jobs at risk.

**Protecting Consumers from Online Deception:** Rogue vendors using false advertising and other scams are tricking consumers into thinking they are booking directly with hotels. More than 2.5 million bookings each year could be misleading consumers -- leading \$220 million a year in bad bookings.

**Restoring “Full Time” Employment to 40 Hours per Week:** A new definition of the work week in the Affordable Care Act (ACA) limits full-time employment to 30-hours per week, and hurts employees and employers. This change ignores the variable nature of the hotel industry workforce and greatly limits employees’ desire to have flexible work hours.

**Supporting Patent Reform:** Disreputable players are buying the rights to patents with the sole purpose of suing or threatening to sue innocent businesses for patent infringement. This can cost the hotel industry directly and hurts the overall economy, by as much as \$80 billion annually. Hotels of all sizes are at risk and are losing money at the hands of patent trolls, for activities as commonplace as using Wi-Fi technology.