



Hotel Tax Updates

Act 18 of 2016 ([House Bill 794](#))

Applicability

- The provisions of Act 18 apply to second class A through eighth class counties.

Hotel Tax Rate

- The hotel tax rate a county may levy is increased from a maximum of three percent to a maximum of five percent.

Collection and Distribution

- The county treasurer collects the revenues from the hotel tax in a special fund, and must distribute the funds to the recognized tourist promotion agency within 60 days of receipt.

Administrative Fee

- A county may deduct and retain from hotel tax revenues an administrative fee of up to four percent.

Penalty

- A monthly 1.5 percent penalty is required to be assessed on any hotel operator for failure to timely collect and remit the hotel tax.
- The county may also file a lien on the hotel in the name of the county in addition to other means of debt collection.

Definition of Hotel

- A hotel, motel, inn, guesthouse, rooming house, bed and breakfast, homestead or other structure which holds itself out by any means, including advertising, license, registration with an innkeepers' group, convention listing association, travel publication or similar association or with a government agency, as being available to provide overnight lodging for consideration to persons seeking temporary accommodation
- Any place which advertises to the public at large or any segment thereof that it will provide beds, sanitary facilities or other space for a temporary period to members of the public at large
- Any place recognized as a hostelry
- A cabin, defined as a permanent structure with beds and running water located on a campground on state land or private property that is available to provide overnight lodging for consideration to persons seeking temporary accommodation. Yurts and walled tents are exempt.

- The definition DOES NOT INCLUDE:
 - Charitable institutions
 - A portion of a facility that is devoted to persons who have established a permanent residence
 - A college or university residence hall occupied by students in degree programs
 - An education or religious institution camp for children
 - A hospital
 - A nursing home
 - Any part of a campground that is not a cabin

Use of Hotel Tax Revenues by Tourist Promotion Agency

- Marketing the area served by the agency as a leisure travel destination.
- Marketing the area served by the agency as a business, convention or meeting travel destination.
- Using all appropriate marketing tools to accomplish these purposes, including, but not limited to, advertising, publicity, publications, direct marketing, sales, technology and participation in industry trade shows that attract tourists or travelers to the area served by the agency.
- Programs, expenditures or grants that are directly and substantially related to tourism or a business, convention or meeting travel destination within the county, augment and do not compete with private sector tourism or travel efforts and improve and expand the county as a destination market as deemed necessary by the recognized tourist promotion agency.
- Any other tourism or travel marketing or promotion program, expenditure or project that does not compete with private sector tourism or travel efforts as deemed necessary by the recognized tourist promotion agency.

Grant Requirements

- Grants issued by the Tourist Promotion Agency must require a cash or in-kind local match of at least 25 percent.
- Grants may not be used for signage that promotes a specific private entity in the area of that entity, unless the sign also carries the recognized logo of the Tourist Promotion Agency

Annual Audit Report

- An audited report or financial statement must be submitted to the county commissioners annually by a Tourist Promotion Agency receiving hotel tax revenues on the agency's income and expenditures.
- If the audited report or financial statement is not received within 90 days of the end of the Tourist Promotion Agency's fiscal year, the county may withhold hotel tax revenues in a special account until it is submitted. If the county does not take such action within 120 days of the end of the Tourist Promotion Agency's fiscal year, DCED may require the county to do so until the audited report or financial statement are received.

Certification of Tourist Promotion Agency

- A county may certify a single Tourist Promotion Authority, which may be a nonprofit corporation, organization, association or agency
- A county must certify a Tourist Promotion Agency by resolution, with the concurrence by resolution of municipalities within the county representing at least 50 percent of the county's population per the most recent census
- A county may decertify its Tourist Promotion Agency by resolution, with the concurrence by resolution of municipalities within the county representing at least 65 percent of the county's population per the most recent census. The county must hold at least one public hearing at least seven days before meeting to adopt a resolution to decertify.

Financial Disclosure

- A board member, director, officer or employee of a Tourist Promotion Agency must disclose any conflict of interest or financial interest to the agency, and recuse himself from actions that may result in a private pecuniary benefit to that individual, his immediate family or business with which the individual or his immediate family is associated.

Dauphin County

- Under prior law, Dauphin County was required to dedicate a portion of its hotel tax revenues to a county regional sports facility with a seating capacity of 10,000 to 14,000; Act 18 lowers this threshold to 2,500 to accommodate additional projects.

Second Class Counties

- Act 18 transfers existing language regarding the authority of Second Class counties to levy a hotel tax into the County Code, without changes.