New York State Tourism Industry Association
2019 Occupancy Tax and Funding Sources Survey
September 2019

NEW YORK STATE TOURISM INDUSTRY ASSOCIATION

Overview

This report was conducted by the New York State Tourism Industry Association (NYSTIA) to provide its members an overview of occupancy (lodging, bed, hotel) taxes in New York State. Historically, several inquiries are made to NYSTIA throughout the year requesting information on which counties have taxes, what the levels are, how the revenues are appropriated and if there are any unique circumstances surrounding the nature of the taxes. NYSTIA can serve its members, in particular, the TPA members, by housing and updating this data for easy reference, as new or changing tax structures are suggested or implemented at the county or local level throughout New York State.

This is the second report, the first being the 2017 Occupancy Tax Study.

Substantial between the two surveys was the collection of more information with regard to overall funding – both sources of funding and predominance; and leakage of potential funding to other endeavors. These insights may provide interesting baseline case studies if “changes” are being considered in any given area. There may be a precedent somewhere else in the state. NYSTIA’s goal is to make these connections between the TPAs to help each other through the various economic, political, or legal issues they may be addressing.

Study Background and Methodology

A survey monkey of 17 questions surrounding the issue of occupancy tax collections in New York was distributed in April and concluded on July 2019 with all 47 respondents representing 62 counties in New York State represented. Because the data is not proprietary (public tax collections), participants recognized that all data could be shared, and that any member may call and ask for specific results. The respondents included 35% as independent DMOs; 40% within another not-for-profit; 26% are county agencies or departments. None are private contractors. In some cases a TPA may represent more than one county.

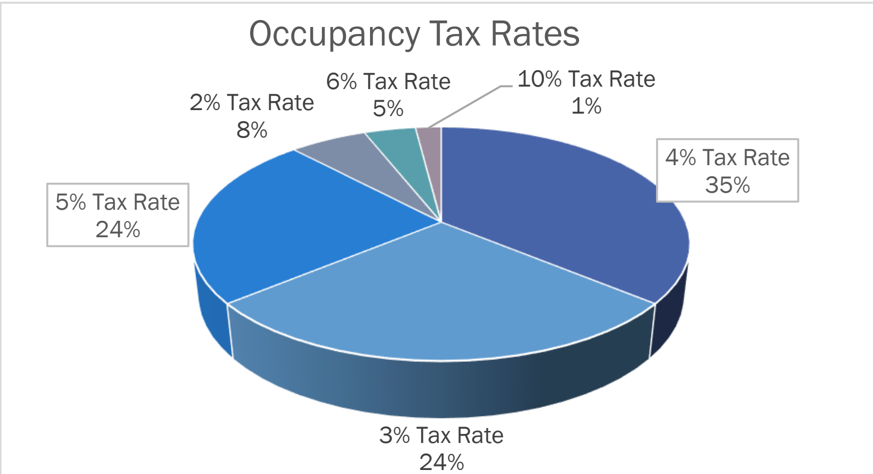
While in most cases occupancy taxes are collected at a county level, there are instances where collection is done “additionally” by other taxing jurisdictions (such as cities, boroughs). For example, in Ontario County, there is a county-wide tax and the City of Geneva has its own tax and the city of Canandaigua has its own tax. These are additive taxes within those communities.

The structure of this report provides an executive summary, recommendations, and detailed conclusions. “Other” category responses and notes are summarized and integrated where possible.

Please note that the data was not fact-checked and NYSTIA is not responsible for omissions, misinterpretation or errors. However, if pointed out, the corrected data will be maintained as an addendum to this survey. The survey results have been posted on nystia.org and detailed results can be found there.

Executive Summary

89.13% of the respondents reported that their county *does collect an occupancy tax.*
Tax Rates ranged from 1% to 6%. One respondent reported a tax of over 10%. There were some special fees which are not accounted for in these charts. The most common tax rate is 4% - reported in 35% of the counties. A 3% and 5% tax rate both reported at the same percentage of respondents (24.32%) Rounding was necessary and a detailed numbers are posted on the website.



When asked about *changes in the current taxing structure*, 0% of authorities were proposing a decrease in the tax rate. 14% were considering a new tax. 91% were looking at other changes – than percentage increases in percentages. The detailed response can be summarized as related to exploration of what kinds of facilities could be taxed; negoatiating a new distribution method. The predominant response revolved around the clarification of vacation rentals, Air B and B and type of lodging property being taxed.

How *revenues from occupancy tax were applied* was Question #10. Recently there has been concerned about the redirecting of occupancy tax funds away from the TPA and toward other projects within a county. There is an argument made that if the TPA is reinvesting the funds in further promotion it will net more ultimate revenue. However, supporting "priority" projects related to tourism is not uncommon. See the numerical results at the end of this study for the top 10 answers. In summary, the top three were for revenues from occupancy tax were:

1. Grants for tourism projects and events (47% yes)
2. County General fund (42% Yes)
3. Arts council or performing arts organization independent of TPA (28% yes)

It is also notable that #1 and #2 switched positions in this study versus two years ago.

When asked about *revenues from other sources than occupancy taxes* in question 14, it is notable that 74% of revenues come from government grants or awards (which was the number two position last year). 69% of the revenues come from cooperative promotional programs. Events, member benefits and services, and membership dues rank 3,4, and 5 respectively.

The amount of revenues per county collected mirrors what is in Tourism Economics – we refer you to that report which has been updated since this data was collected. Tourism Economics report is provided in cooperation with I Love NY and is on file for reference at the NYSTIA headquarters.

Unique Circumstances. This year there were several references to Air B n B and if and how occupancy tax was being collected and submitted by these types of operations. Additionally, the addition of vacation rentals and lakeside lodging, and camping was also being explored.

Recommendations and Next Steps

Air B n B. The continued development of shared lodging services is impacting the operations, the marketing, the revenues of the TPAs. An understanding of how, how much, and potential changes in the way we operate should be furthered through the organization.

Funding Components of the Survey. Beyond the occupancy tax. The 2019 Study became broader – much broader than occupancy tax and illustrated both the threats and the opportunities available to the TPAs to run their business. A changing marketplace, as noted above is seismic at this point. TPAs need to be more adept at data collection to foster their defense of their existing budget and the necessity **for more resources to capture the growth opportunities within our market.**

Training and more data. Training should exist for new TPAs and standardization of collection of data on "taxed rooms" vs. "untaxed rooms" and the total of that which equals supply vs. the demand component.

Frequency of Survey. To conduct this survey on an annual or bi-annual basis in advance of the legislative year so that the TPAs will have comparative and Year-over-Year data to proactively address the status of occupancy tax – and potential change recommendations within their county and that NYSTIA is a recognized source of this data.

Data is maintained for Year over Year comparison at NYSTIA headquarters and on nystia.org

Sources, Credits, Thank You

Thank you to Ashleigh Lee, intern from South Korea with NYSTIA, under the supervision of COO Christine Hoffer. Thanks also to David Lee, Ontario County Tourism office for survey development and distribution. Results compiled and report submitted by Valerie Knoblauch, Ontario County Tourism and NYSTIA Chairperson, 2019.

DETAIL OVERVIEW

Question 1. Participants
Answer: 47 TPAs participated. Some TPAs cover more than one county.
Answer: Detailed contact information for follow-up is on record.

Question 2. What best describes your TPA Structure? (47 answered)
Answer:

35%	independent DMO.
40%	program within an independent not-for profit such as a CVB
26%	local government department or agency
0%	Private Contractor

Question 3. Does Your County Collect an Occupancy Tax
Answer:

89.13%	Yes
10.87%	No

Question 4. What is the county-level of occupancy tax collected?
Answer:

% of total	County Occupancy Tax Rate (2017)	County Tax Rate (2019)
36%	4%	35.14%
28%	3%	24.32%%
24%	5%	24.32%
6%	2%	5.41%
4%	6%	35.14%
2%	1%	0.0%
7 or 8%		0.0%
10% or higher		2.70%

Question 5. What best describes your TPA funding from COUNTY Government only
There were three styles of government funding articulated with multiple similar answers; and then there were a few models which were completely independent.

41% had a negotiated budget contract based on occupancy tax collections.
25% had a specific formula from occupancy tax collections. The most predominant response was that the contract was for 95% of the collections after the county took a 5% admin fee. (3)
11% had a negotiated budget contract NOT based on occupancy tax collections.

One hybrid model was introduced. To quote: 90% of the prior year's collection is allocated out to various 501c3's via an occupancy tax application process. An independent group reads through and evaluates applications each year for the funding. Historically about 50% of the yearly available allocation has gone to the CVB, with the rest being split between 10 – 15 other 501c3 organizations for the purposes of marketing tourism events.

Question 6. Describe the occupancy tax collection rates and parameters for each type of lodging facility within your county.
Answer: The question netted a variety of complicate answers. For instance, we can see that some occupancy tax is collected on cabins, rentals and cottages and that these rates vary. However, it would be difficult to summarize. This is a question that someone may want to evaluate the answers independently if there is consideration for additional types of accommodations being taxed or defined for tax and someone would like to see samples of how others are doing it. We recommend that you refer to the full study on nystia.org.

Question 7. How is your total occupancy tax allocated.
Answer: Similar to question #6, this open-ended question netted a wide variety of answers. Again, these answers might be an idea resource for someone considering a tax language or allocation change and want to see what others are doing.

Question 8. Are there changes to the occupancy tax being considered.
Answer:
a) Increase being proposed? 18.92% Yes; 81.08% No
b) Decrease being proposed? 0% Yes; 100% No
c) Adding a new tax? 13.89% Yes; 86.11% No
d) Are their changes proposed? 9.68% Yes; 90.32% No

Question 9. List any other localities or entities that collect occupancy tax in your county
Answer: We had 11 responses which was up from last time when only two people responded.
Note: The rates ranged from 1.5% and 5%.

Question 10. Focusing on County occupancy tax collection only what other programs are funding by your county's occupancy tax collection.
Answer:
In order of predominance, these answers were provided:
1. Grants for tourism projects and events (47% yes)
2. County General fund (42% Yes)
3. Arts council or performing arts organization independent of TPA (28% yes)
4. Operating costs of public facilities related tourism (25% yes)
5. Destination marketing organizations other than the official TPA (23% yes)
6. Aid to county municipalities (21% yes)
7. Capital costs of public facilities related to tourism (19% yes)
8. Recreation Programs (11% yes)
9. Sports Authority or sports even underwriting (independent of TPA) (8% yes)
10. Film Commission (4% yes)

Question 11. Is there an AirBnB agreement or other third-party agreement in your county
Answer: 45% Yes
28% No
28% One under development.

Question 12. What is the breakdown of total guest rooms in your county and what is the total number of taxable guest rooms.
Answer:
The question was designed to determine how many guest rooms there might be in an area and the percentage of those that were taxed. However, the answer is not reliable because there are more guest rooms taxed than available, so this appears to be a faulty question.

Although results may be inconclusive, the possibilities did command a discussion of the importance of a TPA understanding the guest room breakdown for taxable and non-taxable. Some TPAs noted that they felt it was important to go find these answers. This may represent an opportunity for NYSTIA to provide training in this area for best practices in accounting for supply and demand beyond the traditional. Especially now that the market has moved that way.

Question 13. Are there any additional guest rooms planned for development in your county
Answer:
Of the 30 respondents to this question only 4 reported no activity (or only talk and no "concrete") in building new hotel rooms.
This means that about 70% of the respondents will see product development (hotel development) available.

The answers varied from single hotels (most frequent answer) to up to 22 new hotels in one area.

Question 14. What best describes your TPA's income from other sources than occupancy tax.
Answer:
74% Government affiliated grants or awards
69% cooperative advertising buy-ins
30% Events such as trade shows and fairs
29% Other member service and benefit activities
23% membership dues
15% private sector grants or awards
7% dedicated funding from local tourism partners

Question 15. Please itemize your total revenue and budget allocations for the last year.
Answer:
The purpose of this question was to group the TPAs into common "budget categories" so that everyone can see which "tier" their organization would be in terms of funding and budget. This will be developed in a separate chart (summary) to preserve the confidentiality of the respondents. Request from NYSTIA staff in writing, please.

Question 16. Is your county considering a new occupancy tax.
Note: This was a repeat question. See question # 8

Question 17. Additional Comments
Answer:
Refer to the online powerpoint on NYSTIA.org