



Senate Finance Committee

Senator Patrick M. Browne
Chairman

459 Main Capitol Building
Harrisburg, PA 17120-3016
(717) 787-1349

Stacey M. Connors, Esq.
Executive Director
sconnors@pasen.gov

BILL SUMMARY

HOUSE BILL 1877, PN 2574 (REP. BUXTON)

Summary:

This legislation authorizes Dauphin County to increase its hotel room tax from 3 percent to 5 percent.

Specifically, the legislation authorizes the county commissioners of any county of the third class having a population under the 1990 Federal Decennial Census in excess of 237,000 residents, but less than 240,000 residents (Dauphin County), to impose a hotel tax not to exceed three percent of the consideration received by each operator of a hotel within the county from each transaction of renting a room or rooms to transients.

Revenue from the increased tax must be used in the following way:

- Fifty percent (50%) of the amount received from the increased 2 percent of the hotel room tax is to be distributed to the county's Tourist Promotion Agency (TPA) for appropriate and reasonable marketing and promotional expenses for promoting tourism in Dauphin County.
- Of the remaining fifty percent (50%) of the amount received from the increased 2 percent of the hotel room tax, seventy-five percent (75%) is allocated to go to an authority in Dauphin County incorporated pursuant to the Municipality Authorities Act of 1945 for payment of the debt service on bonds issued for the construction of the county regional sports facility having a seating capacity of ten thousand to fourteen thousand seats, which is owned, in whole or in part, or leased by the applicable authority, and which is located within Dauphin County. Such authority shall use the tax distribution for the improvement, support, rehabilitation, revitalization, construction, fit-out and reconstruction of one or more tourism or tourism infrastructure-related facilities, including, be not limited to, for the payment of debt service on bonds related thereto. Twenty five percent (25%) shall be distributed to the Tourist Promotion Agency for the appropriate and reasonable marketing and promotional expenses of promoting tourism in Dauphin County.

Current Law:

Dauphin County is currently authorized to impose a hotel room tax of up to 3 percent. That 3 percent hotel room tax is allocated as follows:

- Of the revenue from the first 2 percentage points of the tax, 70 percent goes to debt service on a county regional sports facility, 20 percent goes to the City of Harrisburg

- for tourism promotion in the City and the costs of construction and debt service on a tourism-related facility (the Civil War Museum), and 10 percent goes to the County Commissioners for tourism and regional promotion, which they can elect to transfer to the recognized tourist promotion agency instead, which must use that revenue for marketing and promoting tourism in the county, except for promoting Harrisburg.
- Revenue from the third percentage point goes to the County Commissioners to use at their discretion for tourism and regional promotion purposes.

Effective Date:

This legislation takes effect in 60 days.