



Lodging, Rental Car and Meal Taxes on Travelers in the Top 50 U.S. Cities

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EXECUTIVE SUMMARY

Rationale/Methodology

The business travel industry and the business community at large are increasingly concerned about the negative impact of taxes targeting travel-related services such as lodging, car rentals and restaurant bills. States, cities and counties across the United States facing budgetary constraints often turn to the customers of these services as sources of revenue to bolster general funds or pay for local projects unrelated to the services. The argument is generally that these services are mostly used by out-of-town visitors, and it's better to export the tax burden. The reality is quite different.

First, local companies and citizens are hit directly by these taxes. Most companies spend the majority of their car rental and hotel budgets in the areas where they have offices or other facilities. Further, more than half of car rentals are from car rental companies' local offices, rather than airport locations, suggesting that the majority of car rental customers are, in fact, local. Second, the tax impact on out-of-town visitors often factors into travel decision-making. Cities, states or counties with the highest discriminatory travel taxes are likely losing business, and may not even know about it. For example, more and more organizations that host meetings and major conventions are considering the tax burden for their attendees as a factor in the site-selection process.

To help the business travel community better understand the relative tax burden imposed on travelers in cities across the country, the NBTA Foundation – the education and research foundation of the National Business Travel Association (NBTA) – engaged American Economics Group, Inc. (AEG), to collect and report detailed travel tax data on the 50 U.S. cities with the highest numbers of air passengers. AEG calculated the amount of taxes paid by travelers who stay at a hotel, rent a car and eat restaurant meals for one day and one night. The study uniformly applies average prices for these items¹ across all cities to create “apples-to-apples” comparisons, and then calculates tax figures by applying local and state taxes to those average pre-tax costs.

Taxes calculations begin with general sales taxes at the state, county, city and special tax district level. Next, discriminatory travel taxes and fees are added in. These taxes often include a bewildering combination of charges such as excise, occupancy, transportation, tourism, special, facility, and capital improvement taxes, plus a long list of other taxes and fees, frequently imposed by overlapping jurisdictions (as detailed in Appendix A).

¹ The hotel rate of \$103.70 is the December 2007 U.S. average daily room rate reported by Smith Travel Research (STR). The average daily meal cost of \$82.03 for travelers in 2007-08 was calculated by AEG using data from Runzheimer, *Business Travel News* and the National Restaurant Association. AEG sampled car rental rates in 10 major cities in March 2008 to find an average \$76.60 before taxes and fees.

The study offers several different sets of travel tax data. The first charts list the combined taxes on lodging, rental cars and meals – including general sales taxes – in central city and airport locations, ranked from lowest to highest. The next charts list taxes on each of those services (lodging, rental cars and meals) separately, first in central city locations then at airports. The following set of charts delves deeper into the tax data to show the burden imposed by discriminatory travel taxes above and beyond general sales taxes. The discriminatory tax data are also grouped by central city and airport locations, with combined lodging, rental car and meals charts first, followed by separate charts listing the discriminatory taxes charged on each of those services.

Findings

Overall Tax Burden, Central City

The U.S. cities where travelers incur the **lowest total tax burden** in central city locations, factoring in general sales taxes and discriminatory travel taxes for lodging, car rentals, and meals, are:

- Honolulu, HI
- Portland, OR
- Fort Lauderdale, FL
- Fort Myers, FL
- West Palm Beach, FL

The cities that impose the **highest total taxes** on travelers are:

- Chicago, IL
- Nashville, TN
- Charlotte, NC
- Seattle, WA
- Houston, TX

Overall Tax Burden, Airport Locations

The **lowest travel tax** burdens at airport locations, accounting for general sales taxes and discriminatory travel taxes for lodging, car rentals, and meals, are found in:

- Honolulu, HI (HNL)
- Portland, OR (PDX)
- Fort Lauderdale, FL (FLL)
- Fort Myers, FL (RSW)
- Detroit, MI (DTW)

The **highest travel taxes** at airport locations are:

- Cleveland, OH (CLE)
- Chicago, IL (ORD)
- Nashville, TN (BNA)
- Phoenix, AZ (PHX)
- Charlotte, NC (CLT)

Discriminatory Taxes, Central City

Discriminatory travel tax rates measure the tax burden imposed on travel services above and beyond general sales taxes. The U.S. cities with the **lowest discriminatory travel tax rates** for lodging, car rentals, and meals in central city locations are:

- Oakland, CA
- West Palm Beach, FL
- Fort Lauderdale, FL
- Fort Myers, FL
- Orange county, CA

The cities that impose the **highest discriminatory travel taxes** on lodging, car rentals, and meals are:

- Portland, OR
- Seattle, WA
- Atlanta, GA
- Charlotte, NC
- Chicago, IL

Discriminatory Taxes, Airport Locations

The **lowest discriminatory travel tax rates** for lodging, car rentals, and meals in airport locations are found in:

- New Orleans, LA (MSY)
- St. Louis, MO (STL)
- West Palm Beach, FL (PBI)
- Fort Lauderdale, FL (FLL)
- Fort Myers, FL (RSW)

The **highest discriminatory travel tax rates** for lodging, car rentals, and meals in airport locations are found in:

- Cleveland, OH (CLE)
- Portland, OR (PDX)
- Milwaukee, WI (MKE)
- Seattle, WA (SEA)
- Charlotte, NC (CLT)

Additional Note

Collecting the data was a highly labor intense process because of overlapping state, county and municipal jurisdictions and multiple taxes and fees within each one along with special taxing districts of various kinds. In many cases, the taxes are so detailed and obscure that no single person at any level of government knows what they are or how they are used. Often data sources conflict with one another due to numerous and sometimes very recent amendments, differing accounts of government officials, and misunderstandings of staff-level personnel. This study should provide a new level of clarity for business travelers and travel managers as they plan travel for themselves or their companies.

**TABLES: COMBINED TAXES ON LODGING,
RENTAL CARS AND MEALS**

Central City Single Day Tax Amount

Combined Taxes on Lodging, Rental Cars and Meals

	State	City	Location	Hotel tax single night	Car rental tax single day	Restaurant tax single day's meals	Combined single day travel taxes
1	HI	Honolulu	Central city	\$11.84	\$6.19	\$3.42	\$21.45
2	OR	Portland	Central city	\$12.96	\$9.87	\$0.00	\$22.83
3	FL	Fort Lauderdale	Central city	\$11.41	\$7.03	\$4.92	\$23.35
4	FL	Fort Myers	Central city	\$11.41	\$7.03	\$4.92	\$23.35
5	FL	West Palm Beach	Central city	\$11.93	\$7.41	\$5.33	\$24.67
6	CT	Hartford	Central city	\$12.44	\$7.89	\$4.92	\$25.26
7	FL	Tampa	Central city	\$12.44	\$7.79	\$5.74	\$25.98
8	FL	Orlando	Central city	\$12.96	\$7.87	\$5.33	\$26.16
9	MI	Detroit	Central city	\$15.56	\$6.13	\$4.92	\$26.60
10	FL	Jacksonville	Central city	\$13.48	\$7.79	\$5.74	\$27.02
11	MD	Baltimore	Central city	\$14.00	\$8.81	\$4.92	\$27.73
12	CA	Orange County	Central city	\$16.13	\$5.94	\$6.36	\$28.43
13	FL	Miami Beach	Central city	\$13.48	\$7.79	\$7.38	\$28.66
14	MO	St. Louis	Central city	\$15.55	\$5.93	\$7.58	\$29.06
15	CA	Ontario	Central city	\$17.43	\$5.94	\$6.36	\$29.72
16	CA	Sacramento	Central city	\$17.69	\$5.94	\$6.36	\$29.98
17	RI	Providence	Central city	\$13.48	\$9.96	\$6.56	\$30.00
18	CA	San Jose	Central city	\$16.99	\$6.32	\$6.77	\$30.08
19	NC	Raleigh-Durham	Central city	\$13.22	\$10.61	\$6.36	\$30.19
20	OH	Columbus	Central city	\$17.37	\$7.36	\$5.54	\$30.27
21	GA	Atlanta	Central city	\$15.56	\$8.20	\$6.56	\$30.32
22	CA	San Diego	Central city	\$18.21	\$5.94	\$6.36	\$30.50
23	CA	Oakland	Central city	\$16.65	\$6.70	\$7.18	\$30.53
24	CA	Burbank	Central city	\$15.62	\$8.23	\$6.77	\$30.62
25	NV	Las Vegas	Central city	\$9.33	\$15.13	\$6.36	\$30.82
26	DC	Washington	Central city	\$15.04	\$7.66	\$8.20	\$30.90
27	PA	Pittsburgh	Central city	\$14.52	\$10.89	\$5.74	\$31.15
28	MA	Boston	Central city	\$12.91	\$14.43	\$4.10	\$31.44
29	PA	Philadelphia	Central city	\$14.52	\$11.43	\$5.74	\$31.69
30	UT	Salt Lake City	Central city	\$11.98	\$13.49	\$6.40	\$31.86
31	CO	Denver	Central city	\$15.40	\$10.23	\$6.64	\$32.27
32	LA	New Orleans	Central city	\$15.02	\$9.58	\$8.00	\$32.59
33	WI	Milwaukee	Central city	\$15.14	\$12.72	\$4.80	\$32.65
34	IN	Indianapolis	Central city	\$15.56	\$10.72	\$6.56	\$32.84
35	CA	Los Angeles	Central city	\$19.76	\$6.32	\$6.77	\$32.85
36	NM	Albuquerque	Central city	\$13.35	\$14.00	\$5.64	\$32.99
37	CA	San Francisco	Central city	\$19.76	\$6.51	\$6.97	\$33.25
38	MO	Kansas City	Central city	\$15.79	\$10.54	\$7.98	\$34.31
39	NY	New York City	Central city	\$17.37	\$10.25	\$6.87	\$34.49
40	MN	Minneapolis	Central city	\$13.64	\$12.52	\$8.33	\$34.49
41	OH	Cleveland	Central city	\$15.81	\$12.35	\$6.36	\$34.52
42	TX	Austin	Central city	\$15.56	\$12.97	\$6.77	\$35.29
43	TX	Dallas	Central city	\$15.56	\$12.97	\$7.18	\$35.70
44	TX	San Antonio	Central city	\$17.37	\$12.97	\$6.66	\$37.00
45	AZ	Phoenix	Central city	\$13.76	\$16.71	\$6.81	\$37.28
46	TX	Houston	Central city	\$17.63	\$13.22	\$6.77	\$37.62
47	WA	Seattle	Central city	\$16.18	\$14.81	\$7.71	\$38.70
48	NC	Charlotte	Central city	\$15.81	\$16.22	\$6.77	\$38.80
49	TN	Nashville	Central city	\$17.81	\$14.15	\$7.59	\$39.55
50	IL	Chicago	Central city	\$15.96	\$18.07	\$8.41	\$42.44

*Combined state, county, city and taxing districts.

Note: Top ten and bottom ten are in bold.

	Maximum rate	\$19.76	\$18.07	\$8.41	\$42.44
	Minimum rate	\$9.33	\$5.93	\$0.00	\$21.45
	Average rate	\$14.97	\$9.99	\$6.25	\$31.20
	Most common rate	\$15.56	\$5.94	\$6.36	\$23.35

Airport Single Day Tax Amount

Combined Taxes on Lodging, Rental Cars and Meals

	State	City	Location	Hotel tax single night	Car rental tax single day	Restaurant tax single day's meals	Combined single day travel taxes
1	HI	Honolulu HNL	Airport	\$11.84	\$6.19	\$3.42	\$21.45
2	OR	Portland PDX	Airport	\$12.96	\$9.87	\$0.00	\$22.83
3	FL	Fort Lauderdale FLL	Airport	\$11.41	\$7.03	\$4.92	\$23.35
4	FL	Fort Myers RSW	Airport	\$11.41	\$7.03	\$4.92	\$23.35
5	MI	Detroit DTW	Airport	\$12.44	\$6.13	\$4.92	\$23.49
6	FL	West Palm Beach PBI	Airport	\$11.93	\$7.41	\$5.33	\$24.67
7	CT	Hartford HFD	Airport	\$12.44	\$7.89	\$4.92	\$25.26
8	FL	Orlando MCO	Airport	\$12.96	\$7.41	\$5.33	\$25.70
9	FL	Tampa TPA	Airport	\$12.44	\$7.79	\$5.74	\$25.98
10	DC	Washington DCA	Airport	\$12.70	\$9.49	\$4.10	\$26.30
11	FL	Jacksonville JAX	Airport	\$13.48	\$7.79	\$5.74	\$27.02
12	MD	Baltimore BWI	Airport	\$13.48	\$8.81	\$4.92	\$27.21
13	GA	Atlanta ATL	Airport	\$13.48	\$8.20	\$5.74	\$27.42
14	MO	St. Louis STL	Airport	\$15.63	\$5.99	\$6.42	\$28.05
15	FL	Miami Beach MIA	Airport	\$13.48	\$7.79	\$7.38	\$28.66
16	RI	Providence PVD	Airport	\$13.48	\$9.96	\$6.56	\$30.00
17	NC	Raleigh-Durham RDU	Airport	\$13.22	\$10.61	\$6.36	\$30.19
18	OH	Columbus CMH	Airport	\$17.37	\$7.36	\$5.54	\$30.27
19	CA	Orange County SNA	Airport	\$16.13	\$7.85	\$6.36	\$30.34
20	LA	New Orleans MSY	Airport	\$13.22	\$9.19	\$8.00	\$30.41
21	CA	San Francisco SFO	Airport	\$15.62	\$8.23	\$6.77	\$30.62
22	NV	Las Vegas LAS	Airport	\$9.33	\$15.13	\$6.36	\$30.82
23	PA	Pittsburgh PIT	Airport	\$14.52	\$10.89	\$5.74	\$31.15
24	CA	Burbank BUR	Airport	\$15.62	\$8.81	\$6.77	\$31.19
25	MA	Boston BOS	Airport	\$12.91	\$14.43	\$4.10	\$31.44
26	CA	Ontario ONT	Airport	\$17.43	\$7.85	\$6.36	\$31.64
27	PA	Philadelphia PHL	Airport	\$14.52	\$11.43	\$5.74	\$31.69
28	UT	Salt Lake City SLC	Airport	\$11.98	\$13.49	\$6.40	\$31.86
29	CA	Sacramento SAC	Airport	\$17.69	\$7.85	\$6.36	\$31.90
30	NM	Albuquerque ABQ	Airport	\$12.31	\$14.00	\$5.64	\$31.95
31	CA	San Jose SJC	Airport	\$16.99	\$8.23	\$6.77	\$31.99
32	MN	Minneapolis MSP	Airport	\$14.16	\$12.14	\$5.87	\$32.16
33	CO	Denver DEN	Airport	\$15.40	\$10.23	\$6.64	\$32.27
34	CA	San Diego SAN	Airport	\$18.21	\$7.85	\$6.36	\$32.42
35	CA	Oakland OAK	Airport	\$16.65	\$8.62	\$7.18	\$32.45
36	IN	Indianapolis IND	Airport	\$15.56	\$10.72	\$6.56	\$32.84
37	NY	New York JFK	Airport	\$17.37	\$10.25	\$6.87	\$34.49
38	CA	Los Angeles LAX	Airport	\$19.76	\$8.23	\$6.77	\$34.76
39	TX	Austin AUS	Airport	\$15.56	\$12.97	\$6.77	\$35.29
40	WI	Milwaukee MKE	Airport	\$15.14	\$16.06	\$4.80	\$35.99
41	MO	Kansas City MCI	Airport	\$17.81	\$10.73	\$8.18	\$36.72
42	TX	San Antonio SAT	Airport	\$17.37	\$12.97	\$6.66	\$37.00
43	WA	Seattle SEA	Airport	\$15.04	\$14.81	\$7.71	\$37.55
44	TX	Houston IAH	Airport	\$17.63	\$13.22	\$7.59	\$38.44
45	TX	Dallas DFW	Airport	\$12.44	\$18.97	\$7.38	\$38.80
46	NC	Charlotte CLT	Airport	\$15.81	\$16.22	\$6.77	\$38.80
47	AZ	Phoenix PHX	Airport	\$13.76	\$18.71	\$6.81	\$39.28
48	TN	Nashville BNA	Airport	\$17.81	\$14.15	\$7.59	\$39.55
49	IL	Chicago ORD	Airport	\$15.96	\$18.07	\$8.41	\$42.44
50	OH	Cleveland CLE	Airport	\$18.81	\$20.75	\$6.36	\$45.92

*Combined state, county, city and taxing districts.

Note: Top ten and bottom ten are in bold.

	Maximum rate	\$19.76	\$20.75	\$8.41	\$45.92
	Minimum rate	\$9.33	\$5.99	\$0.00	\$21.45
	Average rate	\$14.69	\$10.72	\$6.10	\$31.51
	Most common rate	\$13.48	\$7.85	\$6.36	\$23.35