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Touring Americans Bound to Have a Taxing Vacation This Summer

WASHINGTON, D.C., JULY 17, 1996—Travelers to the Democratic National Convention in Chicago this summer had better bring along some extra money: Of 50 major American cities, the Windy City has the highest level of “travel taxes” in the country. Republicans fare better: San Diego, the site of the GOP convention, is ranked 37th.

Travel taxes are state and local levies on services traditionally offered to out-of-towners. The taxing plight of the American tourist was examined earlier this year in a survey of 50 cities by the Travel Industry Association of America (TIA). Not only do tourists get hit with higher-than-expected levies on travel-related activities, such as lodging and automobile rentals, but a fair amount of the revenues collected from out-of-towners gets deposited into general funds instead of being channeled back into local travel and tourism efforts.

Using TIA survey results, the Tax Foundation ranked the 50 cities in each individual tax category — lodging, restaurant, car rental (base rate), car rental (base rate plus off-site levy), and gasoline — and in terms of overall travel taxes. As Chart 1 shows, Chicago was joined by Seattle, Houston, New York, and Dallas in the top five. At the other end of the scale, Honolulu, Boston, Cincinnati, Atlanta, and Fort Lauderdale have the lowest tax rates in terms of travel taxes.

The average lodging tax in the 50-city survey, levied on overnight guests at hotels and motels alike, is about 12%, including various sales taxes and the local “occupancy” tax. Tourists making their way to the Olympics in Atlanta will pay lodging tax rates of 13%, as will visitors to the nation’s capital. An overnight visitor in Detroit, Los Angeles, and San Francisco will find a levy of 14% on his or her hotel bill. And those travelers who request overnight accommodations in Houston, Anaheim, and Seattle will pay a tax of 15% and more.

In addition, tourists renting automobiles are subject to an intricate tax system that can include up to three different levies. First there’s the base tax rate on auto rentals, which averages 8.24% nationwide, according to the TIA survey. While new arrivals in Atlanta and Honolulu will pay a modest 4% tax on their car rentals, those driving in New York will pay an added 13.25%, and those visitors to Chicago will be burdened with an 18% levy.

Chart 1: Travel Taxes, Highest and Lowest

Most Taxing Vacation Cities

1. Chicago
2. Seattle
3. Houston
4. New York (tie)
4. Dallas (tie)
6. Reno
7. Washington, D.C.
8. Austin
9. Minneapolis
10. Las Vegas

Least Taxing Vacation Cities

41. Riverside
42. Daytona
43. Portland, Ore. (tie)
43. Kansas City, Mo. (tie)
45. Detroit
46. Fort Lauderdale
47. Atlanta
48. Cincinnati
49. Boston
50. Honolulu

Source: Tax Foundation ranking based on Travel Industry Association survey.

Chart 2: Lodging Tax

1	Columbus	15.75%
2	Seattle	15.20%
3	Anaheim	15.00%
3	Houston	15.00%
5	San Antonio	15.00%
6	Chicago	14.90%
7	Cleveland	14.50%
8	St. Louis	14.10%
9	Detroit	14.00%
9	Los Angeles	14.00%
9	San Francisco	14.00%
12	Knoxville	13.25%
12	Memphis	13.25%
12	New York	13.25%
15	Atlanta	13.00%
15	Austin	13.00%
15	Dallas	13.00%
15	Philadelphia	13.00%
15	Wash., DC	13.00%
20	Jacksonville	12.50%
20	Miami	12.50%
22	Nashville	12.25%
23	Atlantic City	12.00%
23	Baltimore	12.00%
23	Charlotte	12.00%
23	Minneapolis	12.00%
23	Pittsburgh	12.00%
23	Raleigh	12.00%
29	Kansas City	11.98%
30	Denver	11.80%
31	Sacramento	11.50%
32	Tampa	11.50%
32	Reno	11.01%
34	New Orleans	11.00%
34	Orlando	11.00%
34	Riverside	11.00%
37	Phoenix	10.63%
37	Norfolk	10.50%
37	San Diego	10.50%
40	Cincinnati	10.00%
40	Daytona	10.00%
40	Honolulu	10.00%
40	Indianapolis	10.00%
40	Oakland	10.00%
40	San Jose	10.00%
40	West Palm	10.00%
47	Boston	9.70%
48	Ft. Lauderdale	9.00%
48	Portland	9.00%
50	Las Vegas	8.00%

Source: Tax Foundation ranking based on Travel Industry Association survey.

Chart 3: Dining Tax

1	Minneapolis	10.00%
1	Norfolk	10.00%
1	Wash., DC	10.00%
4	Chicago	9.75%
5	New Orleans	9.50%
6	Miami	8.50%
6	San Francisco	8.50%
8	St. Louis	8.35%
9	Dallas	8.25%
9	Houston	8.25%
9	Knoxville	8.25%
9	Los Angeles	8.25%
9	Memphis	8.25%
9	Nashville	8.25%
9	New York	8.25%
9	Oakland	8.25%
9	San Jose	8.25%
18	Kansas City	8.23%
19	Seattle	8.20%
20	Austin	8.00%
21	Denver	7.80%
22	Anaheim	7.75%
22	Riverside	7.75%
22	Sacramento	7.75%
22	San Antonio	7.75%
26	Charlotte	7.00%
26	Cleveland	7.00%
26	Las Vegas	7.00%
26	Philadelphia	7.00%
26	Pittsburgh	7.00%
26	Raleigh	7.00%
26	Reno	7.00%
26	San Diego	7.00%
34	Phoenix	6.80%
35	Jacksonville	6.50%
35	Tampa	6.50%
37	Atlanta	6.00%
37	Atlantic City	6.00%
37	Daytona	6.00%
37	Detroit	6.00%
37	Ft. Lauderdale	6.00%
37	Indianapolis	6.00%
37	Orlando	6.00%
37	West Palm	6.00%
45	Columbus	5.75%
46	Cincinnati	5.50%
47	Baltimore	5.00%
47	Boston	5.00%
49	Honolulu	4.00%
50	Portland	0.00%

Source: Tax Foundation ranking based on Travel Industry Association survey.

Chart 4: Auto Rental Tax - Base Rate

1	Chicago	18.00%
2	New York	13.25%
3	Las Vegas	13.00%
3	Reno	13.00%
5	Minneapolis	12.70%
6	Baltimore	11.50%
6	Denver	11.50%
6	Seattle	11.50%
9	Knoxville	10.25%
9	Memphis	10.25%
11	Austin	10.00%
11	Dallas	10.00%
11	Houston	10.00%
11	Nashville	10.00%
11	Philadelphia	10.00%
11	Phoenix	10.00%
11	Wash., DC	10.00%
18	Indianapolis	9.00%
18	Pittsburgh	9.00%
20	New Orleans	8.75%
21	San Francisco	8.50%
22	Oakland	8.25%
22	San Jose	8.25%
24	Charlotte	8.00%
24	Norfolk	8.00%
26	Anaheim	7.75%
26	Riverside	7.75%
26	San Antonio	7.75%
29	Cleveland	7.00%
29	San Diego	7.00%
31	Miami	6.50%
31	Portland	6.50%
33	Kansas City	6.23%
34	Atlantic City	6.00%
34	Columbus	6.00%
34	Daytona	6.00%
34	Detroit	6.00%
34	Ft. Lauderdale	6.00%
34	Jacksonville	6.00%
34	Los Angeles	6.00%
34	Orlando	6.00%
34	Sacramento	6.00%
34	Tampa	6.00%
34	West Palm	6.00%
45	Cincinnati	5.50%
46	Boston	5.00%
47	St. Louis	4.23%
48	Atlanta	4.00%
48	Honolulu	4.00%
48	Raleigh	4.00%

Source: Tax Foundation ranking based on Travel Industry Association survey.

Chart 5: Auto Rental Tax - Total Rate

1	Las Vegas	21.00%
2	Reno	20.00%
3	Austin	18.00%
3	Chicago	18.00%
3	Dallas	18.00%
6	Phoenix	17.00%
6	Pittsburgh	17.00%
8	San Jose	16.25%
9	Atlantic City	16.00%
9	Houston	16.00%
9	Indianapolis	16.00%
9	Sacramento	16.00%
9	Tampa	16.00%
14	San Francisco	15.50%
14	Seattle	15.50%
16	Norfolk	15.00%
17	Los Angeles	14.00%
17	Orlando	14.00%
17	Raleigh	14.00%
17	San Diego	14.00%
17	Wash., DC	14.00%
17	West Palm	14.00%
23	New Orleans	13.75%
23	San Antonio	13.75%
25	New York	13.25%
26	Charlotte	13.00%
27	Minneapolis	12.70%
28	Atlanta	12.00%
28	Jacksonville	12.00%
30	Baltimore	11.50%
30	Denver	11.50%
32	Cincinnati	10.50%
33	Portland	10.40%
34	Knoxville	10.25%
34	Memphis	10.25%
36	Nashville	10.00%
36	Philadelphia	10.00%
38	Oakland	8.25%
39	Anaheim	7.75%
39	Riverside	7.75%
41	Cleveland	7.00%
42	Miami	6.50%
43	Kansas City	6.23%
44	Columbus	6.00%
44	Daytona	6.00%
44	Detroit	6.00%
44	Ft. Lauderdale	6.00%
48	Boston	5.00%
49	St. Louis	4.23%
50	Honolulu	4.00%

Source: Tax Foundation ranking based on Travel Industry Association survey.

Many localities also hit the unsuspecting traveler with an "off airport" fee, for renting a car outside the boundaries of the airport. These range from 4% of the total rental cost in D.C. to 10% in Raleigh, Sacramento, and Atlantic City. And a third of the cities surveyed by TIA also include an auto rental surcharge, which usually amounts to several dollars per day or per rental.

Not that all travel-related taxes are disproportionately paid by out-of-towners. Tourists traveling by car face the same gasoline tax rates that residents face — an average of 37.7¢ per gallon nationwide this year, according to Tax Foundation research. San Diegans, for instance, must pay the same 18.3¢ per gallon in federal excises, 18¢ per gallon in state excises, and 1/2¢ per gallon in local taxes as those visitors attending the Republican National Convention this August. For San Diego residents and visitors alike, each fill-up of a mid-sized car with a 15-gallon tank will cost \$5.50 extra due to taxes.

The same holds true for another travel-related activity, dining out. TIA's industry survey suggested an average restaurant tax of 7.26%, including whatever state, city, and county taxes that an establishment may be subject to. The range of rates is significant: Restaurant-goers in Portland, Ore., are not burdened by such taxes, but diners in almost every other city face a dining-out surcharge of between 6% and 8.25%.

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Chart 6: Gasoline Tax Ranking

1	Reno	52.4¢
2	Las Vegas	51.4¢
3	Chicago	48.4¢
4	Miami	47.5¢
5	West Palm	47.4¢
6	Portland	45.4¢
7	Ft. Lauderdale	44.4¢
8	Tampa	42.4¢
8	Daytona	42.4¢
10	Baltimore	41.9¢
11	Orlando	41.7¢
12	Seattle	41.4¢
12	Jacksonville	41.4¢
14	Pittsburgh	41.2¢
15	New York	40.9¢
16	Philadelphia	40.8¢
17	Raleigh	40.7¢
18	Denver	40.4¢
18	Columbus	40.4¢
18	Cleveland	40.4¢
18	Cincinnati	40.4¢
22	Charlotte	40.0¢
23	Boston	39.4¢
24	New Orleans	38.7¢
25	Memphis	38.4¢
25	Knoxville	38.4¢
25	Wash., DC	38.4¢
25	San Antonio	38.4¢
25	Nashville	38.4¢
25	Minneapolis	38.4¢
25	Houston	38.4¢
25	Dallas	38.4¢
25	Austin	38.4¢
34	San Francisco	37.7¢
35	San Jose	37.4¢
35	Oakland	37.4¢
35	Los Angeles	37.4¢
38	San Diego	36.9¢
38	Sacramento	36.9¢
38	Riverside	36.9¢
38	Anaheim	36.9¢
42	Phoenix	36.4¢
43	Norfolk	35.9¢
44	Honolulu	34.4¢
45	Indianapolis	33.4¢
45	Detroit	33.4¢
45	St. Louis	33.4¢
45	Kansas City	33.4¢
49	Atlantic City	28.9¢
50	Atlanta	25.9¢

Source: Tax Foundation ranking based on Travel Industry Association survey, Tax Foundation data.

Chart 7: Overall Tax Ranking

1	Chicago
2	Seattle
3	Houston
4	New York
4 (tie)	Dallas
6	Reno
7	Wash., DC
8	Austin
9	Minneapolis
10	Las Vegas
11	San Francisco
12	Pittsburgh
13	Knoxville
13 (tie)	Memphis
15	San Antonio
16	Miami
16 (tie)	Nashville
18	Los Angeles
18 (tie)	Philadelphia
20	Denver
21	New Orleans
22	San Jose
23	Baltimore
24	Tampa
25	Charlotte
25 (tie)	Cleveland
27	Norfolk
28	Anaheim
29	Jacksonville
30	Phoenix
31	Raleigh
32	West Palm
32 (tie)	Orlando
34	Sacramento
35	Columbus
36	Oakland
37	San Diego
37 (tie)	Indianapolis
39	Atlantic City
40	St. Louis
41	Riverside
42	Daytona
43	Portland
43 (tie)	Kansas City
45	Detroit
46	Ft. Lauderdale
47	Atlanta
48	Cincinnati
49	Boston
50	Honolulu

Source: Tax Foundation ranking based on Travel Industry Association survey.

