



\$100 room + 10% tax  
consumer pays \$110



\$100 room + 10% tax  
consumer pays \$110



\$80  
paid to  
hotels



Keep \$22

\$10 tax



TAX  
JURISDICTION

\$8 tax

In both scenarios the consumer pays \$110 for the room, but only the hotel remits tax on this amount. OTCs remit tax on a lower rate, and the community loses out on 20% of tax revenue.