



2025 Legislative Brief & Industry Snapshot

Economic Impact of Iowa's Hotels

Occupancy Rates (2024)

56% **47%**
Urban Rural

Statewide Average: 52.5%

**Down 2% from 2023*

\$4 billion **56k**
Guest Spending Guest Rooms

\$1.8 billion
Estimated Direct Hotel Revenue

Estimated Taxes Collected

\$126 million **\$90 million**

Hotel/Motel Taxes Sales Tax on Rooms

\$728 million
Total State & Local Taxes



\$54 MILLION in Estimated Total Swipe Fees

Legislative Priorities



Double Taxation of Required Room Supplies

Hotels face multiple layers of sales tax on essential supplies required by law and/or necessary for guest accommodations.

Proposal:

Support tax language to eliminate this double taxation.



Align State Per Diem Rates with Federal Rates

Iowa's state employee per diem rate stands at \$80 per night, significantly lower than the Federal rate of \$107.

Proposal:

Direct the Iowa Department of Management to align state per diem rates to match federal standards to promote competitive lodging pricing.



Tourism Improvement Districts (TIDs)

Tourism groups are working with industry to review options for additional funding for local tourism. It is imperative that any such legislation ensure that those who agree to optional assessments determine how those assessment funds are used.

Proposal:

Collaborate with the lodging industry to establish clear guidelines for Tourism Improvement Districts to ensure businesses who contribute, direct the use of funds.



Revisiting Hotel/Motel Tax Purpose

Some municipalities are diverting hotel/motel tax revenues to cover unrelated expenses, undermining their intended purpose in supporting tourism initiatives. There is likely a need to revisit definitions and regulations regarding the permissible use of these funds.

Proposal:

Review the hotel/motel tax framework to ensure that revenues are predominantly allocated to enhancing local tourism programs. In coming sessions, it will likely be necessary to establish more specific guidelines.

Key Issue for Legislative Consideration

The Iowa Hotel & Lodging Association urges Iowa's lawmakers to consider these legislative proposals to help ensure the sustainability and growth of Iowa's hotel industry. By addressing these issues, we can foster a more favorable business environment for hoteliers and enhance the overall tourism experience in Iowa.

Credit Card Swipe Fees Relief

Hotels face significant costs due to swipe fees, while the fees charged by credit companies for collecting taxes on behalf of the state are only a small portion of the total, disallowing the charging of fees on taxes would save the average Iowa hotel \$6,500 per year.

Proposal

Support legislation to remove swipe fees on state tax to alleviate financial burdens on hotels and other retailers.



Hotels serve as critical partners in bidding for group events, collaborating closely with local Destination Marketing Organizations (DMOs). Their involvement is essential for attracting large events that can significantly boost local tourism and the economy.

This partnership includes:

- **Paying an Incentive Rebate:** Hotels offer financial incentives to entice the group being invited, making their proposal more competitive.
- **Providing a Commission:** Hotels pay a commission to the DMO or Convention and Visitors Bureau (CVB) that successfully brings the group to town.
- **Offering Guaranteed Room Rates:** Hotels commit to specific room rates for event attendees, which are crucial for securing bookings.

Economic Breakdown

What a Consumer Sees vs. What a Hotel Receives

However, the room rates that consumers see on their bills do not reflect these costs and rebates. Instead, consumers often see a final amount that includes several additional charges, which impacts the hotels' actual revenue.

What Consumers See at Checkout

Hotel/Motel Tax (7%):	\$10.50
Sales Tax (5%):	\$7.50
Room Rate:	\$150.00

Total Paid by Consumer: \$168.00

Revenue Received by the Hotel

Required Room Rate for Event:	\$150
Swipe Fee on Room (3%):	-\$5
Franchise Fee: <small>(10% of full room rate)</small>	-\$15
Daily Booking Fee to CVB:	-\$3
Daily Rebate to Group:	-\$10

Actual Revenue Benefit to Hotel: \$117

The \$117 is what hotels must use to cover essential operational costs, including mortgage, property tax, employee wages, utilities, and other expenses.



The Iowa Hotel & Lodging Industry’s Professional Trade Association

The Iowa Hotel & Lodging Association (IHILA) was formed in January 2022 at the request of several Iowa hospitality professionals who were already members of the Iowa Restaurant Association. Seeing the state advocacy work that had been conducted on behalf of restaurants, particularly during the pandemic, these leaders knew it was imperative for Iowa’s lodging industry to once again have a seat at the table when state lawmakers and regulators make policy decisions. The Iowa Restaurant Association Board of Directors agreed to share resources to help the new group get off the ground. To that end, the IHILA, while

a financially separate organization, shares office space, administrative support and executive management with the Iowa Restaurant Association. The mission of the IHILA is to protect, promote, educate, and advocate on behalf of Iowa’s hotel and lodging industry with state lawmakers, regulators, the public and the media. The group’s volunteer Board of Directors sets state legislative direction for a contract lobbyist who works on industry’s behalf year round. Iowa’s 999 hotel and lodging properties represent 51,000 guest rooms who spend \$3 Billion annually in the state. More than 20,000 Iowans work in the state’s hotel and lodging industry.

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