

Addendum

The Town of Rhinebeck Hospitality or Occupancy Tax

Introduction

In 2023 NYS Governor Kathy Hochul signed several home rule legislation request bills allowing for city and town municipalities to implement their own hotel occupancy tax. As a result, there are now over 40 municipalities that have a hotel occupancy tax in addition to their county's hotel occupancy tax, as well as both the state and county sales tax. Hotel occupancy taxes are becoming more common as alternatives to increased property taxes, providing a new and needed source of revenue for municipalities.

At the March 10, 2025 Rhinebeck Town Board (TB) meeting, the TB passed Resolution 2025-089, requesting to have the New York State Legislature authorize the town to impose a hotel occupancy tax (up to 3%) within the town and village. The tax revenue collected would go toward the general fund and would be used to improve projects that serve the community. The town needs to add garage space for maintenance, a records retention room, improve our water-front park, and begin a Capital Plan Fund for renovations and addition of office space to the town hall. Supervisor Spinzia stated that the tax is intended to support both town and village taxpayers.

In response to the town's resolution, the Village Board passed a resolution in opposition to the town's hotel occupancy tax plan. According to the resolution, "The Village Board refuses to allow our business community and residents to bear the costs of the Town's desire to fund town projects through taxation or policies that would damage our tourism-dependent economy."¹

Melanie Rottkamp, President and CEO of Dutchess Tourism, Inc., raised concerns about the broader implications of increasing a town's occupancy tax, given the already existing county tax. According to Rottkamp, "The key issue is how the tax revenue is distributed and, thus, who benefits from it. A countywide occupancy tax helps fund programs that benefit all parts of the county."²

Luciano Valdivia, president of the Rhinebeck Area Chamber of Commerce, said that out of more than a dozen local businesses he consulted, all expressed opposition to the tax. "He fears it will reduce spending in local businesses. Ultimately, the business community suffers."³

¹ "Rhinebeck Village Board Votes to Oppose Town's Proposed Hotel-Motel Occupancy Tax, Calling it Economically Risky," by Elena Gastaldo. *The Daily Catch*, June 12, 2025.

² "Check In, Check Out, Chip In: Rhinebeck Eyes 3% Lodging Tax Despite Some Local Concerns," by Elena Gastaldo. *The Daily Catch*, March 14, 2025.

³ Ibid.

To learn more about the responses, both positive and negative, regarding municipalities that had originally applied for state legislative approval for local occupancy tax back in 2023, the research focused on the following municipalities, using information found in the local newspapers covering the issue.

- Town and Village of Skaneateles (Onondaga County)
- Town of DeWitt (Onondaga County)
- Village of Weedsport (Cayuga County)

Additional research in this report focused on Dutchess County's occupancy tax and how the generated revenue is applied.

Information from the Local Papers

Town officials of Skaneateles, Onondaga County, estimate the tax would bring about \$300,000 in extra tax revenue. The money would be put into a special fund earmarked for improvements to parks and other community projects.

The Village Mayor said the village would use the extra money for upgrades, such as repairing brick walkways, improvements to parks and other beautification projects.

- *The Post-Standard*, Syracuse, New York, Sunday, March 12, 2023

The New York State Hospitality & Tourism Association is asking Governor Hochul to veto bills that would allow three municipalities in Cayuga and Onondaga counties to charge their own occupancy taxes. . . Mark Door, president of the New York State Hospitality & Tourism Association, believes these proposed occupancy taxes will have an adverse effect on tourism and discourage visitors from returning to these communities.

Dorr warned that the occupancy tax would have a trickle-down. If fewer people stay in a municipality with the additional occupancy tax, then that will also affect sales tax revenue because they won't be shopping at local businesses.

- *The Citizen*, Auburn, New York, Sunday, July 2, 2023

Town and village officials in Skaneateles have said that they'll use the extra revenue to make improvements to parks and other community projects. Skaneateles Supervisor Janet Aaron has said it will ensure the lakeside community's thriving tourism business benefits all of the residents.

- *The Post Standard*, Syracuse, New York, September 5, 2023

With the revenue from the tax, Weedsport mayor Tom Winslow hopes the village will be able to offset the additional resources needed to respond to calls at the (sole) village motel. The legislation takes effect immediately and the new (state) law authorizes the tax through December 31, 2025. Once it expires, the state legislature would need to renew the tax.

- *The Citizen*, Auburn, New York, Thursday, September 7, 2023.

Eric Ridley, who chairs the NYS Hospitality and Tourism Association's board of directors, criticized the new taxes. Ridley warned that the tax will discourage families from visiting the city. "It will have a ripple effect, not only to hotels but to or restaurants and our attractions."

- *The Citizen*, Auburn, New York, Tuesday, September 12, 2023

Legislative Results (2023)

Legislation was signed by the governor, August 23 (2023), for the **Town** and **Village** of **Skaneateles** and the **Town of Dewitt**. The new tax applies to hotels, motels and vacation rentals.

In **Skaneateles**, the additional room occupancy tax will be 5%. Together with the county tax (7%), people will pay 12% per night on the cost of a hotel room or short-term rental, one of the highest (in 2023) such taxes in the state.

The **Town of DeWitt** would now be permitted to charge an additional 2% room occupancy tax, also on top of Onondaga County's already levied 7%.

Gov. Kathy Hochul signed legislation allowing the **Village of Weedsport** to charge a 7% hotel tax on top of the county occupancy and state sales tax, paid by customers.

The Aftermath of the Hotel Occupancy Tax Legislation

At the time, proponents of the local occupancy tax claimed that the revenue gained from this occupancy tax would help towards community projects that would be beneficial to both residents and tourists. Opponents of the tax claimed that it would be detrimental to the community, causing a negative, trickle-down effect on the number of tourists visiting the community, as well as curtailing the amount of money spent in the local retail and eating establishments.

In order to learn if the hotel occupancy tax has had any negative impact on the aforementioned communities after two years in effect, the town and village clerks were called and asked the following:

- Opponents to the Hotel Occupancy Tax claimed that there would be a negative, trickle-down effect on tourism if the board enacted the tax. To the best of your knowledge, is there any truth to this claim?

- Have the hotels, inns, restaurants and retail stores reported a decline in the number of tourists visiting their establishments and a loss of tourist revenue?

The Responses

The Village of Weedsport

The village clerk stated that, “There were no issues with the tax or any signs of a decline in the tourist trade. No complaints.”

The Village of Skaneateles

The village clerk stated, “We have 4 B&B’s in the village and though they were opposed to the hotel occupancy tax, they have not reported any decline in the tourist trade (guests).”

The Town of Skaneateles

The town clerk stated that, “There were no complaints, even when the commercial owners submit the hotel occupancy tax revenue. No evidence of any decline in the tourist trade.”

The Town of DeWitt

The town clerk stated that there were no problems. “The tax was just renewed by the legislature and there was nothing negative said about it. The hotel people are used to it.”

Dutchess County Hotel Occupancy Tax

As of 2025, Dutchess County imposes a 5% hotel occupancy tax for overnight stays at lodging establishments. To find out how this revenue is used, emails were sent to the County Department of Finance asking certain questions which appear below, along with the department’s response.

- How much revenue did the County receive in 2024 from its 4% Hotel Occupancy Tax?
\$4,927,357
- How was the revenue used or applied?
The revenue is part of the General Fund Balance.
- To whom or what agency was any revenue dispersed and how much?
No revenue is dispersed.
- Did the Village or Town of Rhinebeck receive any of this revenue and the amount?
No.

Additional research regarding the county's hotel occupancy tax found that Destination Dutchess (Dutchess Tourism, Inc.), is a recipient of the revenue generated by this tax. Dutchess Tourism, Inc. is a 501(c)(6) nonprofit. It is the officially designated destination marketing organization of Dutchess County. It works to bring tourism dollars to area businesses and the community by marketing and promoting the assets of Dutchess County to the nation and the world.

Destination Dutchess (Dutchess Tourism, Inc.) is funded by a combination of sources, including the County of Dutchess, which provides a significant portion of its budget. For example, in 2022, 68% of the organization's revenue came from the county, totaling over \$1.9 million. The county provides this funding, with the majority coming from occupancy tax revenues collected from hotels and other lodging establishments.⁴ As mentioned earlier in this report, Melanie Rottkamp, Dutchess Tourism, Inc., stated, "A countywide occupancy tax helps fund programs that benefit all parts of the county."

⁴ Google search: AI Overview, "Who Funds Dutchess Tourism?"