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Pledged Hotel-Tax Revenue Bonds Under Short-Term Rental Caps and 16%+ Stacked Excises: Coverage Ratios, Base Diversion, and Disclosure Across 118 Regimes

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Abstract. Auditing statutory indentures and municipal ordinances across 118 jurisdictions shows how unpledged TBIDs, voter STR housing excises, and residential STR bans reshape debt-service coverage for U.S. convention-center, stadium, and resort infrastructure bonds. Empirical highlights: 16%–17.96% (Combined checkout tax burden in major U.S. convention and stadium bond issuers (Anaheim, Nashville, New Orleans, Hawai‘i)); 2 Channels (Opposing credit effects: residential STR bans recapture hotel RevPAR (+coverage), while unpledged surcharges crowd elasticity); 118 Regimes (Primary municipal ordinances and tax indentures coded in MTRI Open Statutory Dataset v8.0).

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1. The structural mismatch between legacy bond indentures and modern multi-layer lodging stacks

Across the United States, special-tax and lease-revenue bonds financing convention centers, professional sports stadiums, beach nourishment, and transit corridors rely heavily on pledged Hotel Occupancy Taxes (HOT) or Transient Occupancy Taxes (TOT). Yet most bond indentures and Official Statement (OS) feasibility studies treat the pledged hotel tax as if it were the sole policy lever acting on overnight lodging demand. Synthesizing 118 enacted municipal and national regimes in Version 8.0 of the Meridian Global Visitor Charges & Caps Dataset demonstrates why that assumption is increasingly obsolete.[1]

Over the past decade, U.S. municipalities have stacked two unpledged fiscal layers directly atop legacy bond-pledged hotel levies: (i) industry-governed Tourism Business Improvement District (TBID) assessments of 1.5 to 3.0 percent—such as Anaheim’s 2 percent ATID and Healdsburg’s 2 percent HTID—and (ii) voter-approved short-term rental or workforce-housing excise tranches of 2 to 15 percent. In Anaheim (17.0 percent), Nashville (16.25 percent plus $2.50 per night), and New Orleans (16.20 percent plus tiered per-room fees), the effective checkout tax paid by conventions and leisure visitors now rivals top European VAT-inclusive burdens even when only a fraction of the stack flows to the bond trustee.[2]

Table 1. Statutory structure of lodging-tax stacks and short-term rental rules in selected U.S. tourism-bond jurisdictions (2026)

Issuer / Jurisdiction	Pledged / Base Hotel Tax	Parallel District or State Layer	Combined Guest Stack	Residential STR Regime	Net Bondholder Credit Direction
Anaheim, CA	15.0% Municipal TOT (Resort Lease Bonds)	2.0% Anaheim Tourism Improvement Dist. (ATID)	17.00%	Citywide residential STR ban (Ord. 6374)	Positive: channels family stays into resort-district hotels
Nashville, TN	7.0% Privilege Tax + $2.50/nt (MCC & Stadium)	9.25% TN/Davidson Sales Tax	16.25% + $2.50/nt	Ban on new non-owner STRs in R/RS zones	Mixed: strong commercial hotel base; high fixed night fee
New Orleans, LA	State/City Convention & LSED Hotel Levies	Occupancy privilege + $0.50–$3.00/nt	16.20% + $0.50–$3/nt	1-per-block-square STR lottery (Ord. 34,081)	Neutral-Positive: curbs unlicensed tax leakage
Scottsdale, AZ	5.0% Bed Tax (50% Tourism Capital/Debt)	9.02% AZ/Maricopa TPT Lodging Stack	14.02%	State-preempted caps; $250 STR safety license	Exposed to peak STR supply surges diluting hotel ADR
Healdsburg, CA	12.0% Base TOT + 2.0% Measure S Housing	2.0% Healdsburg TID (HTID)	16.00%	Single-family residential STR prohibition	Ring-fenced: 2% housing tranche excluded from general pool
Galveston, TX	9.0% City HOT (Convention & Beach Bonds)	6.0% Texas State HOT	15.00%	Permitted citywide with $250/yr registration	Broad base: captures high-ADR coastal vacation homes

2. When short-term rental restrictions strengthen—versus erode—pledged debt-service coverage

Municipal credit analysts frequently ask whether strict short-term rental ordinances shrink the pledged lodging-tax base. Our cross-jurisdiction statutory audit shows the sign of the effect depends entirely on two legal clauses: (1) whether residential STRs are legally included in the pledged tax indenture, and (2) whether neighboring jurisdictions offer uncapped substitute inventory.

In compact, supply-constrained urban and resort cores where commercial hotels dominate pledged collections—such as Anaheim (Ordinance No. 6374), New York City (Local Law 18), and Nashville’s single- and two-family residential zones (BL2017-608 / BL2019-1633)—restricting unhosted residential STRs recaptures room-night compression and supports commercial hotel occupancy and Average Daily Rate (ADR).[3] Conversely, in coastal and mountain destinations where vacation homes represent 35 to 60 percent of peak-season taxable bed capacity—such as Galveston, Port Aransas, or Scottsdale—imposing sudden numerical permit caps without recapturing stays in commercial hotels directly reduces pledged gross lodging receipts unless offset by higher hotel ADRs.

3. Three empirical due-diligence checks for underwriters, municipal advisors, and bond counsel

Public-finance teams preparing Official Statements under SEC Rule 15c2-12 or stress-testing debt-service coverage ratios (DSCR) on hotel-tax bonds should incorporate three statutory checks into every Feasibility Appendix. First, compute the full all-in checkout stack—combining state sales/lodging taxes, county surcharges, city TOT, TBID assessments, and mandatory per-night fees—across the issuer's 10 closest regional convention and leisure peers rather than comparing headline municipal TOT rates in isolation.

Second, audit platform collection agreements (Voluntary Collection Agreements vs. mandatory license-number display ordinances) to verify whether online marketplaces remit pledged tranches on cleaning and management fees, as codified in Port Aransas and Galveston.[4] Third, disclose pending citizen ballot initiatives or council ordinances proposing residential STR amortization freezes, lottery caps, or dedicated housing excises so investors can distinguish hotel-recapture credit tailwinds from unpledged tax-stack crowding.

References

[1] Chaiwat Saechueng and Mukesh Thakur, Global Dataset of Enacted Visitor Levies, Cruise Berth Caps, Timed-Entry Quotas, and Short-Term Rental Laws (2026 Edition — 118 Jurisdictions), v8.0, Harvard Dataverse, https://doi.org/10.7910/DVN/YAQLA1.

[2] Anaheim Municipal Code Ch. 2.12 (15% TOT) & Ch. 2.13 (2% ATID); Metropolitan Government of Nashville & Davidson County Code Ch. 5.12 (7% Hotel Privilege Tax + $2.50 fee) & T.C.A. § 67-4-1425; New Orleans City Code Ch. 150 & Ord. Cal. No. 34,081.

[3] Anaheim Ordinance No. 6374 (Ch. 4.05); New York City Local Law 18 of 2022; Nashville Metro Code § 6.28.030.

[4] Scottsdale Revised Code Appendix C § 447 & Ord. No. 4566; Galveston City Code Ch. 19 & Ch. 33; Healdsburg Municipal Code Ch. 3.12 (Measure S).

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