



February 3, 2012

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Senator Burdick
Members of the Senate Committee on Finance and Revenue

RE: Senate Bill 1519 - Transient Lodging Tax Revenues

Chair Burdick and Members of the Committee:

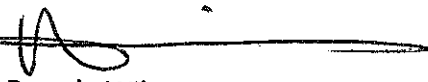
The City of Eugene strongly **SUPPORTS** SB 1519 which would require online travel companies to pay their fair share of the Oregon transient lodging tax (TRT). Currently, online travel companies only pay the state and local TRT on the discounted wholesale price they may pay for a room, rather than remitting the TRT on the actual price they are charging to customers for the rooms they sell.

For example, if a person books a room through a hotel's company website for \$100 in a city that has a 10% TRT, they are charged \$100 for the room and \$10 for the tax. The hotel keeps the \$100 and remits the \$10 to the local jurisdiction. If, on the other hand, a person books the exact same room on an online travel company's website (Priceline, Expedia, Travelocity, etc.), and the room rate is the same \$100, the travel company charges \$10 in "taxes and fees." While the transaction looks virtually identical, it is not. The online travel company remits the lower negotiated price (like \$80) to the hotel and then remits only \$8 (10% of their discounted room rate) in TRT and keeps the remaining \$22 for themselves - \$20 from the customer who paid \$100 for the room and \$2 from the customer who thought they were paying \$10 in TRT.

Consequently, Oregon and Oregon cities are not receiving the entire TRT that customers are paying. This current practice gives online travel companies a unique tax preference and competitive advantage over hotels that are located within our state. No one industry should be able to manipulate the tax code in such a way to disadvantage the businesses in our state while shortchanging cities.

We believe that taxes should be collected and passed on equally based on the retail price of the room and we urge you to **SUPPORT SB 1519**.

Sincerely,


Brenda Wilson
Intergovernmental Relations Manager