



TO: The Honorable Members of the Senate Committee on Finance and Revenue:

- **Chair Ginny Burdick**
- **Vice Chair Larry George**
- **Senator Mark Hass**
- **Senator Herman Baertschiger Jr.**
- **Senator Diane Rosenbaum**

FROM: Bobbie Singh-Allen, Executive Director

RE: OPPOSITION TO HB 2656

DATE: June 10, 2013

On behalf of the Independent Lodging Industry Association and over 5,000 independent hotel members nationwide, we respectfully urge you to oppose HB 2656. Please do not place an occupancy tax on the services that benefit local lodges, inns, and service providers in Oregon. **To be clear, House Bill 2656 will create a new tax in Oregon.**

ILIA is very concerned with HB 2656, which will expand the existing occupancy tax to include the service fees charged by travel agents, online travel companies, and other travel companies. While we understand the need to find additional revenue, we are concerned about the impact this new tax will have on independent and other small family-run hotels.

Many independent lodging establishments in Oregon benefit from the marketing and advertising services that these travel companies provide. The truth is that independent hotels simply don't have the same resources for advertising as the major hotel chains do. Therefore, their travel services greatly level the playing field with the bigger companies and help independent properties more effectively market their rooms across the country and the world.

Independent hotel owners rely on travel agents and online travel companies to help sell hotel rooms that would otherwise go unsold. Because they lack the marketing infrastructure of large hotel chains, independent hotel companies often find it helpful to partner with online travel companies and travel agents – particularly during slower travel seasons. In this way, owners of independent hotels can reach out-of-state visitors throughout the world who might never hear of these properties but for the marketing reach of their online partners.

The lodging industry has certainly suffered in this weakened economy. During these difficult times, online travel companies (OTCs) such as Orbitz, Expedia, and Travelocity, and others are playing a vital role in boosting room sales. The heads OTCs put in beds often is the difference between profitability or loss for many hotel operators. **This means that proposals to raise taxes on travel agents and online travel companies threaten to cause disproportionate harm on the small business owners who operate independent hotels.**

Independent lodging establishments simply cannot match large corporate hotels' marketing war chest, thus they rely heavily on travel intermediaries to compete with branded hotels. Without a robust OTC channel, independent hoteliers will be put at a competitive disadvantage with chain hotels. It is absolutely critical that OTCs not be marginalized as this would diminish the ability of independent hotels to compete effectively.

Hotels, with the help of travel agents and online travel companies, significantly boost the local economy by supporting jobs and increasing tourism. **For the sake of tourism and the small business owners who operate independent hotels in the state, I urge you to vote NO on HB 2656.**

Thank you very much for your attention to this important matter. If I can answer any questions about this bill or its impact on our membership, please do not hesitate to contact me.

Bobbie Singh-Allen

Executive Director

About Us:

The Independent Lodging Industry Association (ILIA) is a national association with over 5,000 members nationwide. It was founded in 2010 by the California Lodging Industry Association (CLIA). CLIA was established 65 years ago by a group of independent hotel owners and operators. Over the past several decades, independent hotels, independently owned franchised hotels, and owners have been impacted by decisions being made out of the halls of State Capitols to Washington, D.C. Chain hotels have dominated the policy making process. ILIA will level the playing field and allow independent hotels a seat at the table. For more information, please contact me at: bobbie@independentlodging.org or 916-826-2075.