



10 June 2013

The Honorable Ginny Burdick  
Chair, Senate Finance and Revenue Committee  
900 Court Street NE, Room 143  
Salem, Oregon 97301

Dear Chair Burdick:

On behalf of Expedia, Inc., I urge you to oppose H.B. 2656 (sponsored by Rep. Margaret Doherty) when it comes before your committee today. The bill is both short-sighted and grounded in fundamental misconceptions about the realities of the travel marketplace.

Contrary to what has been suggested by the bill's proponents, this legislation would not only apply to online travel companies like Expedia and its competitors. The facilitation of lodging in exchange for a service fee is a common business practice in widespread use across the travel industry. Although it is styled as closing a so-called "loophole," this bill's extension of transient lodging taxes to the service fees charged by travel intermediaries would amount to a new tax on hundreds of Oregon-based travel agents, wedding planners, student travel groups, tour operators, and other businesses that arrange travel to Oregon. These added costs will create a significant economic disincentive to the promotion of business and leisure travel to the state.

In addition, raising taxes on the service fees collected by travel companies of all sizes greatly reduces the incentive for intermediaries to promote travel to Oregon through marketing partnerships, online advertising, and other channels. This short-sighted effort will act as a drag on Oregon's economic recovery.

In difficult economic times, consumers are acutely price-sensitive when making travel plans. Even small increases in price can make would-be travellers choose to shorten or postpone a planned vacation or choose a lower-cost destination. Shortened and cancelled trips generate less economic activity and less tax revenue.

Recognizing this risk that new taxes pose to competitiveness, cities and states have overwhelmingly rejected similar legislation in recent years. Instead of raising taxes on tourism, I respectfully urge you instead to pursue public policy alternatives that will continue to make Oregon an attractive destination for both business and leisure travellers.

Please do all you can to prevent H.B. 2656 from becoming law.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Colin D. Tooze'.

Colin D. Tooze  
Director, Government & Corporate Affairs  
Expedia, Inc.

CC: Distinguished members of the Senate Finance and Revenue Committee