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The Honorable Ginny Burdick  
Senate President Pro Tempore *and*  
Chair, Senate Committee on Finance and Revenue  
900 Court St. NE, S-213  
Salem, OR 97301

Dear President Burdick:

I write today on behalf of the American Society of Travel Agents (ASTA) and the 960 people who work at travel agencies in the State of Oregon to express our deep concerns about House Bill (HB) 2656, which would impose new taxes on the fees travel agents charge their clients for facilitating hotel bookings.

As you may know, debate over hotel occupancy tax bills like HB 2656 has been raging across the country for several years. Policymakers are often told that these proposed laws simply close a “loophole” that allows big online travel agencies (OTAs) like Expedia and Orbitz to shortchange state and local governments on hotel occupancy tax and will have no impact on traditional “brick and mortar” travel agents. A quick reading of HB 2656 will prove this false. Here is why:

**HB 2656’s definition of a “transient lodging intermediary” clearly captures traditional travel agents.**<sup>1</sup> Thus any fees Oregon travel agents charge their customers for hotel bookings (or a package with a hotel component) would be subject to state and local taxation, which can range up to 12 percent or more.<sup>2</sup> As our industry has evolved, travel agents are relying less on commissions from travel suppliers and more on service fees charged to customers. In 2011, a year when traditional (non-OTA) travel agents booked \$12.4 billion worth of hotel rooms, 44 percent of agents nationwide reported charged a service fee for hotel bookings and 50 percent of agents charged a fee for an air, hotel and car package. These fees are charged for a service – saving consumers time and money by helping them navigate a marketplace that offers an overwhelming number of options and choices – and our position is that they should not be considered “transient lodging.”

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<sup>1</sup> Under HB 2656, “transient lodging intermediary” is defined as “a person other than a transient lodging provider that facilitates the retail sale of transient lodging and charges for occupancy of the transient lodging.”

<sup>2</sup> Under HB 2656, state and local transient lodging tax “must be computed on the total retail price, including all charges other than taxes, paid by a person for occupancy of the transient lodging.” Emphasis added.

**Under HB 2656, travel agents across the country – not just OTAs – would have to register with state, county and city taxing authorities for each and every transaction involving an Oregon hotel room.** This burden, almost as objectionable as the tax itself, would be substantial for our industry, the vast majority of which is made up of small businesses. In Oregon, 90 percent of the estimated 186 retail travel agencies employ fewer than 10 people.

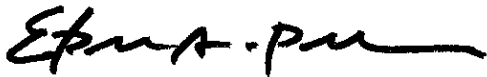
The committee will have to ask itself whether it wants to voluntarily take a step that will make the Oregon less competitive from a travel agent's perspective. If this bill goes through, agents may decide that booking rooms for their clients in the state is not worth the hassle when there are so many others where they won't have to deal with the administrative burdens and costs in this proposal. In short, HB 2656 risks dampening demand for travel to Oregon.

Contrary to the misplaced notion of travel agents as a dying breed, travel agencies who have adapted to the internet era have not only survived but have thrived. Part and parcel of that evolution has been a shift in business model, from one based on commissions to one based on fees. **Simply put, traditional travel agents do the things the big OTAs do and thus would be impacted by bills like HB 2656.**

While we are under no illusions about the budgetary challenges facing state and local governments across the country, we respectfully urge you to oppose these new taxes and administrative burdens on Oregon small businesses.

Thank you for considering our views on this important issue. If you or your staff have any questions, please do not hesitate to contact me at (703) 739-6842 or [epeck@asta.org](mailto:epeck@asta.org).

Sincerely,



EBEN A. PECK  
Vice President, Government Affairs

CC: Honorable Members, Senate Committee on Finance and Revenue  
Robert Roach, President, ASTA Pacific Northwest Chapter  
Paula Hobbie (Beaverton, OR), Secretary, Pacific Northwest Chapter