



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

Dear Madam Chairwoman:

On behalf of the Business Travel Coalition, I respectfully urge you to oppose House Bill 2656, relating to transient occupancy taxes. This deeply flawed legislation threatens to increase the cost and complexity of arranging travel to Oregon, making the state disproportionately expensive relative to other business travel destinations.

The BTC's membership includes travel and meeting manager and procurement officials, including state government travel offices and state universities. One feature held in common by these officials and organizations is that they watch every penny of their travel budget. The addition of a layer of costs in the form of taxes and recordkeeping burdens, not to mention the related audit and compliance risks, will hardly be welcome news to these professionals, who are in the daily position of recommending and arranging travel for their organizations.

Any competent evaluation of meeting venues includes an analysis of taxes to be paid. The Global Business Travel Association conducts an annual study of tourism taxes for the top 50 U.S. travel cities to assist travel managers in choosing cost-effective meeting venues.

In its 2011 study, differences in tax levels among competing destinations of between 56% and 80% were common. The rising cost of meeting and events is of deep concern to planners, and as such, increased taxes can drive business away and cause lost economic activity, including multiplier effects, for communities and regional economies.

The natural result of these added tax and administrative costs will be an increase in transaction fees from travel agencies (both offline and online) to their customers. This creates a double incentive for customers to choose less expensive destinations, if possible. If not possible, there would be less money to spend at the Oregon venue on restaurants and entertainment, hurting jobs and diminishing economic activity.

Smaller agencies simply do not have the infrastructure to handle these kinds of requirements and many would not be able to compete with larger agencies that do. So, the playing field gets tilted in favor of the largest agencies.

I can also say as a former hotelier that the thousands of smaller and often unaffiliated hotels across the country, because of the merchant model and the visibility and promotion provided for their properties, are able to compete with the big chains on a level competitive playing field. Maybe the mega hotel companies don't like that, but these smaller hotels, like the smaller travel agencies, provide jobs and vital revenues for local communities and governments in Oregon.

In sum, H.B. 2656 is a dangerous and flawed piece of legislation that will cause many unforeseen problems for Oregon's travel economy. If passed, it will result in fewer meetings and diminished revenues and taxes for Oregon communities while disadvantaging smaller travel agencies and independent hotels. I urge you to oppose this flawed and harmful legislation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kevin Mitchell".

Kevin Mitchell
Chairman & Founder