



**TO: Members of the Oregon House Revenue Committee**

**FROM: Bobbie Singh-Allen, Executive Director**

**RE: Opposition to House Bill 2656**

**DATE: March 5, 2013**

On behalf of the Independent Lodging Industry Association (ILIA) and our more than 3,000 independent hotel members nationwide and over 60 Oregon members, we respectfully urge you to oppose House Bill 2656, which will expand lodging taxes to include the service fees charged by travel agents, online travel agents, and tour operators. **Please do not place a new tax on the very services that benefit local bed and breakfasts, inns, motels, hotels, and service providers based in Oregon.**

In our experience, we find that efforts to place new taxes on travel service fees are typically driven by out-of state hotel interests that want to drive more business to chain hotels and company websites. As you may know, independent lodging establishments simply cannot match large out-of-state hotel chains' marketing war chests, so we rely on travel agents, online travel companies, tour operators, and other such marketing services to compete.

For small business hoteliers, the fee-for-service business model many online and brick-and-mortar travel agents use is beneficial, because the agent's compensation is collected directly from the customer, rather than the hotel. **Disrupt this business model through new punitive taxation, and independent hoteliers are back behind the eight-ball:** paying (significantly) higher commissions than their major chain hotel competitors.

**New taxes on travel services disproportionately harm Oregon's independent hotels, travel agents trying to make a living, and budget conscious travelers (note: this includes Oregon residents, too!).** While taxes on tourists are often an easy target, service taxes like those proposed in House Bill 2656 can quickly steamroll and hit all kinds of businesses that charge a fee.

According to Travel Oregon, tourism in Oregon is an \$8.8 billion industry which generates more than 90,000 jobs in the state. Clearly, tourism is vital to Oregon's strong economy.

**For the sake of tourism and the small business owners who operate in Oregon, I urge you to oppose House Bill 2656.**

Thank you for your attention to this important matter. If I can answer any questions about how taxes on travel service fees would impact our membership, please do not hesitate to contact me.

Respectfully yours,

*Bobbie Singh-Allen*

Bobbie Singh-Allen, J.D.  
Executive Director

About Us:

The Independent Lodging Industry Association (ILIA) is a national association with over 3000 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](mailto:bobbie@independentlodging.org) or 916-826-2075.