



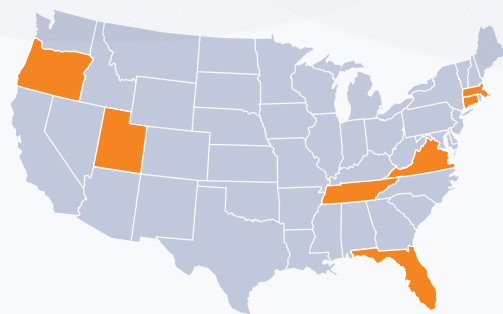
Preventing a Harmful New Tax on Tourism

- **New taxes on travel service fees negatively impact the economy, resulting in less revenue and fewer jobs.** Many are harmed including:

- **Millions of Travelers**
- **Travel Companies** (brick-and-mortar travel agents, online travel companies, tour operators, wedding planners)
- **Lodging Establishments** (bed and breakfasts, inns, hotels, motels)
- **State and Local Governments**

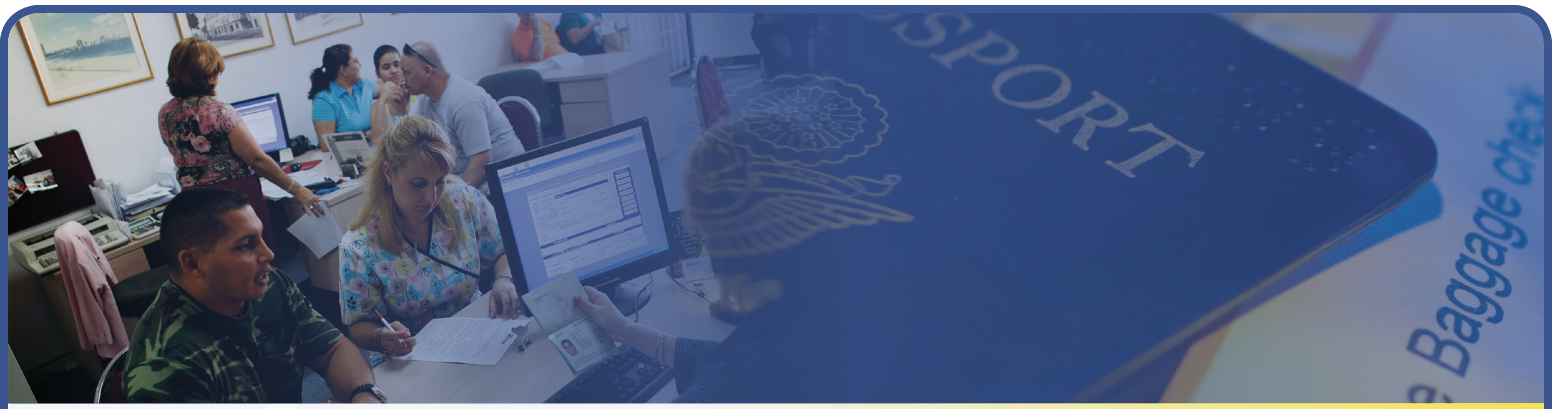
- Fortunately, efforts to impose the harmful taxes have been unsuccessful. In the 2012 legislative session, every state that considered creating the new tax ultimately decided not to do so. This included:

- Connecticut
- Florida
- Massachusetts
- Oregon
- Tennessee
- Utah
- Virginia



- In pursuing harmful new taxes, officials often overlook a few important facts:

- **This is not just an online issue.** Brick-and-mortar travel agents and mom-and-pop lodging establishments are harmed by the new tax.
- **These are *NEW TAXES*.** They are not about filling ‘loopholes.’ The proper amount of taxes are already being paid, and courts and governments around the nation have affirmed this, time and time again. Online travel companies keep no occupancy taxes. OTCs pay all occupancy taxes due to the hotels (the taxpayers), which remit them to the taxing authorities.
- **Agents Don’t Own or Resell Rooms.** In the merchant booking model, agents do not own or control hotel rooms; they don’t buy or sell rooms. They provide valuable marketing services, helping hotels advertise and fill their unsold rooms with willing guests.
- **These taxes apply equally to in-state residents,** who can account for over 40% of state hotel bookings through online travel facilitators.



Travel Agents: Contributing to a Stronger Economy

- Travel agents – both online travel companies and brick-and-mortar agents – make substantial contributions to the economy at the local and national level. Their continued success plays a major role in ensuring a vibrant tourism industry in Oregon.
- Travel agencies employ a full-time workforce of more than 100,000 people in the United States. **This includes approximately 850 Oregon employees who work at more than 150 brick-and-mortar agencies based in the state.**¹
- Travel agencies process approximately \$135 billion in annual travel sales.² Agencies arranged more than 143 million trips in 2011.³
- In particular, the online travel industry accounts for over one million jobs, paying \$39.7 billion in wages, and generating an economic impact of \$121.3 billion.⁴
- A recent study found that a 1 percent decrease in online sales would equate to a loss of 21,537 jobs, over \$1 billion in wages and more than \$3 billion in economic activity. Even worse, the analysis found that a 10 percent decrease in sales would lead to an estimated loss of more than 200,000 jobs, over \$10 billion in wages, and approximately \$33 billion in economic activity.⁵
- **Harmful taxes on service fees threaten the success of the travel agency industry and the millions of people who depend upon a vibrant sector.**

143
MILLION

TRIPS ARRANGED

1
MILLION

JOBS

135
BILLION

IN SALES

1. Census Bureau (2010 County Patterns and Statistics of U.S. Businesses). 2. PhoCusWright Travel Agency Landscape 2009-2013. 3. ARC (Airline Reporting Corporation) 2011 YE Sales. 4. Interactive Travel Services Association Economic Impact Study, John Dunham & Associates, 2010. 5. Ibid.



Who Opposes New Taxes on Service Fees?

There are many companies and organizations who have been opposed to new taxes on service fees. This includes, but is not limited to:

