

Testimony before the Ohio House of Representatives Ways and Means Committee
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Chairman Schaffer and members of the House Ways and Means Committee, thank you for giving me the opportunity to testify today.

My name is Jesse Hathaway. I am a research fellow for the Center on Budgets and Taxes at [The Heartland Institute](#), a 34-year-old national nonprofit research and education organization. Our mission is to discover, develop, and promote free-market solutions to social and economic problems.

The Heartland Institute is headquartered in Illinois and focuses on providing national, state, and local elected officials with reliable and timely research and analyses on important policy issues.

Since the 1990s, businesses known as online travel agencies (OTAs)—such as Expedia, Kayak, and Priceline—have gained traction and consumer confidence by providing superior service at a better price.

[OTAs account for about 39 percent of the total digital booking market, according to *Travel Trends*' Martin Kelly](#). As OTAs gain popularity, their use is expected to increase, with some forecasts predicting their market share will reach 41 percent in 2020.

There is no economic rationale for imposing new taxes on hotel stays, since the majority of benefits the taxes fund are used by residents, not travelers. The costs of the increased tax will inevitably be passed on to customers.

Increasing taxes on OTAs would unduly hurt consumers without providing benefit for residents. Travel and tourism are key industries for cities and states across the country, including those of us here in Ohio. [Tourism generated up to \\$35 billion in new economic activity in 2017 in Ohio, and more than 428,000 jobs are supported by tourism](#).

Travel and tourism taxes, which are often charged at a rate higher than normal sales and excise taxes, can reduce tourism if they grow so substantial that they make travel and lodging unaffordable. These unnecessary taxes would allow state and local governments to prop up budget deficits by placing an excessive tax burden on travelers through OTAs.

Imposing this traveler's tax would disrupt a vibrant market and pose a substantial threat to customers and hotels, by increasing prices and discouraging people from visiting the state's many great destinations.