



Tax & Budget

Testimony on HB 571 before the House Ways & Means Committee
Zach Schiller

Good morning, Chairman Schaffer, Ranking Member Rogers and members of the committee. My name is Zach Schiller and I am research director of Policy Matters Ohio, a nonprofit, nonpartisan organization with the mission of creating a more prosperous, equitable, sustainable and inclusive Ohio. Thank you for the opportunity to testify.

Policy Matters Ohio supports House Bill 571 because it eliminates a loophole in the tax code that provides an unfair advantage for online travel companies and deprives state and local governments of tax revenue that they should receive. When a hotel sells a room, it collects state and local lodging taxes based on the final price --what the buyer actually paid for the room. Online travel companies, by contrast, pay taxes on only part of the final price. They pay the hotel a discounted rate when booking a room and charge a marked-up price to the buyer. However, these companies typically pay taxes only on the discounted rate they give to hotels, not the final price the buyer pays. This is also in contrast to the treatment of hotel rooms booked by conventional, off-line travel agents: Their commissions are not deductible from the taxable price of the room.

Requiring online companies to pay taxes on the full price of a room makes sense for Ohio. The existing loophole provides additional profits to online travel companies, [without providing savings](#) to consumers. Today's law is out of date. We urge you to bring Ohio law into the 21st century and pass House Bill 571. Thank you for this opportunity to testify.