



FROM: Alan Assaf, Chief Operating Officer for Indus Hotels,
Government Affairs Chair of the Ohio Hotel & Lodging Association
TO: Senate Finance: General Government & Agency Review Subcommittee
DATE: May 23, 2017
RE: Sub. House Bill 49 – Interested Party

Chairman Jordan, Vice Chair O'Brien, and members of Senate Finance: General Government & Agency Review Subcommittee, thank you for the opportunity to permit me to speak in favor of Ohio's communities, our travel economy, and tax parity for entities selling hotel accommodations in Ohio, in the form of Online Travel Company Tax Parity.

My name is Alan Assaf, and I am Chief Operating Officer for Indus Hotels. Headquartered in Columbus, Ohio, Indus Hotels is a hotel development and management company utilizing and Owner/Operator and Third-Party Management model. We are an approved operator for Hilton Hotels, Starwood Hotels, Marriott International and InterContinental Hotels Group.

The health of Ohio's economy relies on the intent of the law -- to require lodging businesses to remit taxes based on the full retail rate, just as businesses in other sectors must. Hotels support the state's economy, but on an uneven playing field. We simply seek to ensure that all entities selling hotel rooms participate on equal terms. We endorse the simple and specific mechanism that will make this happen: defining an online travel company, a "hotel intermediary," as a vendor.

Currently, out-of-state conglomerates like Expedia and its brands such as Hotels.com, Orbitz, Travelocity, Hotwire and many others sell hotel rooms to consumers at full price, but calculate tax on a lesser amount. This provides those companies a sizable dividend at the expense of Ohio taxpayers. No other business is permitted to do this in Ohio. It has been conservatively estimated that this costs our state and local governments between \$10 and \$30 million per year.

OTC tax parity is a simple step to modernize the Ohio Revised Code and ensure out-of-state OTCs remit tax on the full price paid to them by consumers for hotel rooms. This solution will provide much-needed sales tax revenue to the state, and to your local communities, without creating a new tax or raising existing tax rates. Entities that sell accommodations in Ohio are already required to collect and remit sales tax. Online travel companies have always been liable for this tax, but exploit ambiguity in the code. They collect but do not remit the full amount, at the expense of Ohio taxpayers. The amendment removes the ambiguity and clarifies that there is tax parity between OTCs and hotels that sell their rooms directly. Consumers will pay the same price, because raising their prices will make OTCs uncompetitive. The National Council of State Legislatures has recommended addressing this issue, and in the past several years, at least 10 states have acted to create OTC tax parity.

Tax fairness requires modernization of our code to reflect the new realities of e-commerce. We can achieve this without creating a new tax, or raising rates on existing taxes. Thank you.

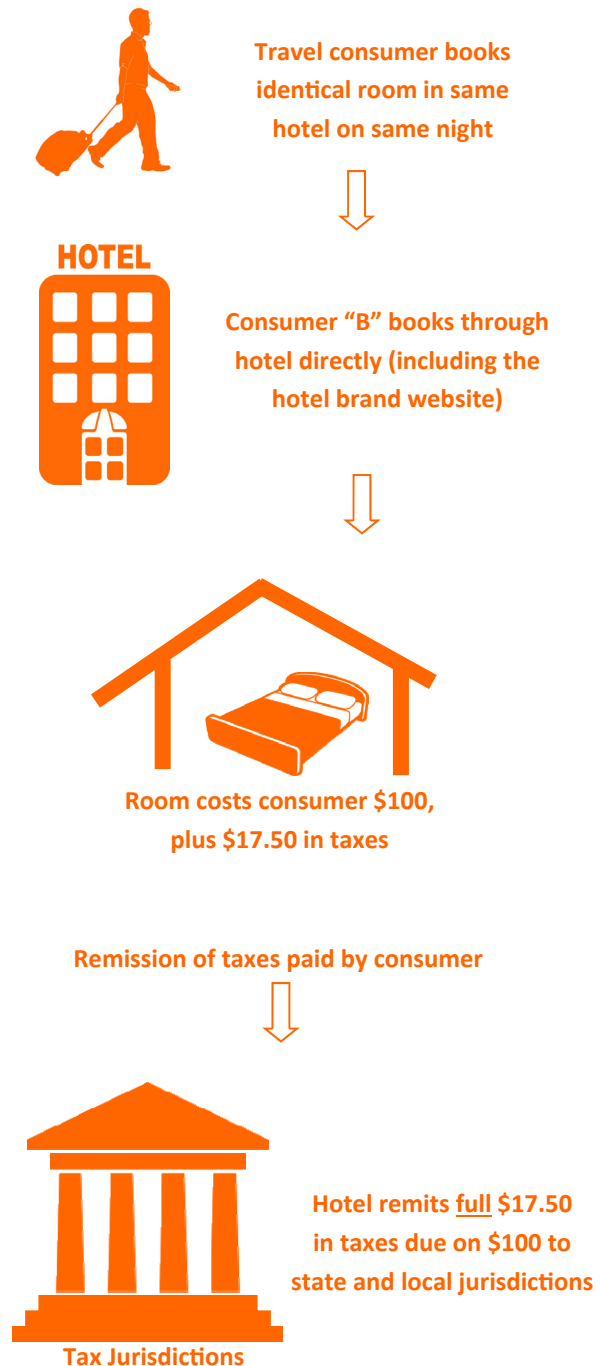
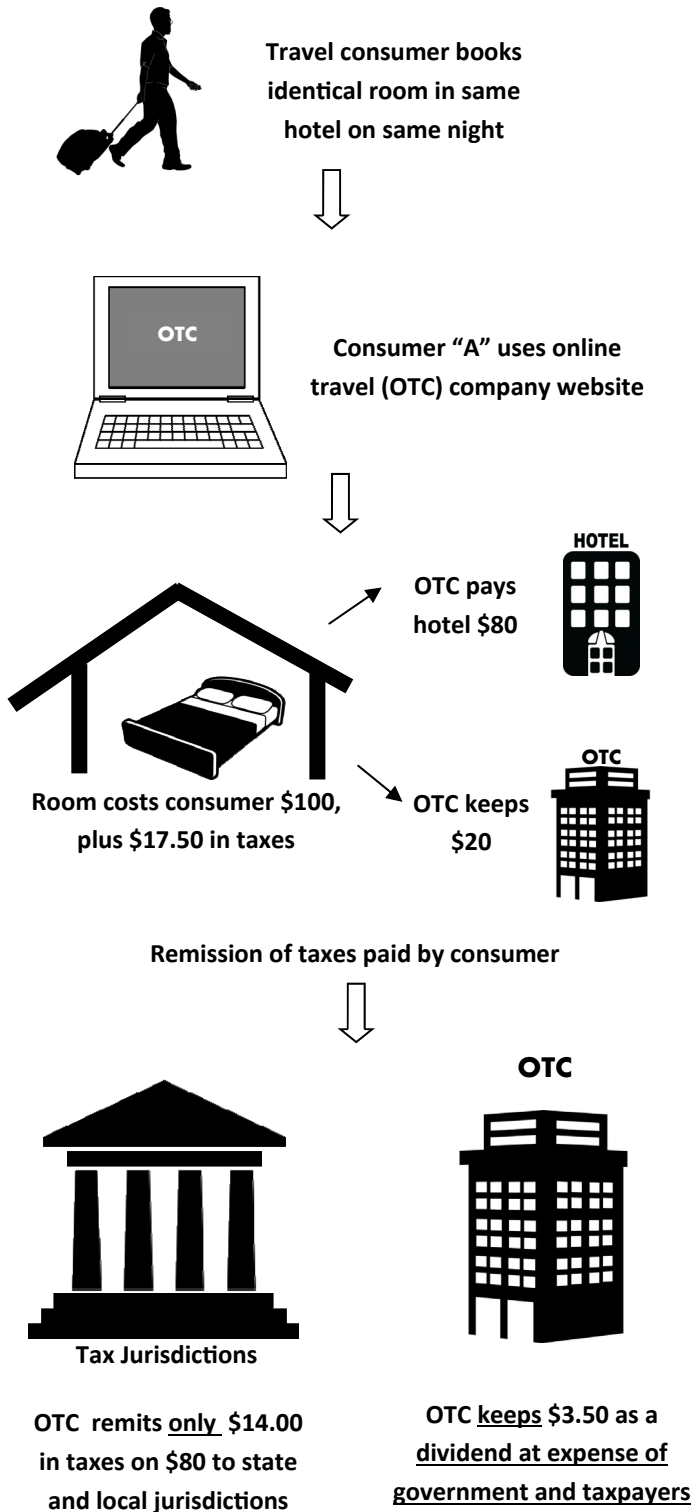
Seeking support of an amendment to do the following:

1) Responding to Sixth Circuit Court of Appeals (September 10, 2012)

A hotel intermediary is a person, other than a hotel, a person paid a commission by the hotel (i.e., a travel agent), or a person that separately itemizes its service fee, that arranges for hotel lodging.

2) Specifies that, for the purposes of the sales and use tax on hotel lodging, the "price" on the basis of which a hotel intermediary must collect and remit the tax is the total amount paid by the customer for the hotel lodging, as advertised by the intermediary. A hotel intermediary is a person, other than a hotel, a person paid a commission by the hotel (i.e., a travel agent), or a person that separately itemizes its service fee, that arranges for hotel lodging. Absolves a hotel of liability for unpaid sales or use tax related to lodging arranged through a hotel intermediary.


Out-of-state online travel companies (OTCs) remit less taxes than others selling the same room in the same hotel on the same night -- and cost Ohio, its communities, and taxpayers in the process.



In both scenarios, the consumer pays the exact same amount, \$117.50, for the room, but only the hotel remits tax based on this amount. OTCs remit tax on a lower rate, and the state and communities are deprived of critical revenue.


Online Booking Examples --


Same hotel reservation costs consumer an identical amount for room and taxes
in same hotel on same night

Sign in

Secure booking — only takes 2 minutes!

Book online or call 1-800-391-5807

 Sign in to earn 515 Expedia+ points ↕

 Great choice! You chose the cheapest room at SpringHill Suites Columbus OSU. Don't wait, book now!

Room 1: 2 Adults, 1 King Bed and 1 Double Sofa Bed, Non-smoking
✔ Breakfast included ✔ Free parking ✔ Free internet


Contact name *


Country code *

United States of America +1

Mobile phone number *

☐ Text me my confirmation. Standard rates may apply.

Special/Accessibility requests (optional) 

SpringHill Suites Columbus OSU 
★★★★
[Show map](#)


1 Room: Studio, 1 King Bed with Sofa bed
Check-in: Sat, May 20
Check-out: Sun, May 21
1-night stay




No surprises! Here's a breakdown of your price:

Room 1: 2 Adults	avg./night
1 Night ↕	\$219.01
Taxes & Fees	\$38.32

Trip Total: **\$257.33**

Rates are quoted in US dollars.




SpringHill Suites Columbus OSU
1421 Olentangy River Road Columbus, OH 43212 USA
+1-614-297-9912   

Reservation Step 1 of 3

Review Reservation Details


1. Your selection

SpringHill Suites Columbus OSU
1421 Olentangy River Road Columbus, OH 43212 USA


Check in: Saturday, May 20, 2017
Check out: Sunday, May 21, 2017
Room(s): 1
Guest(s) per room: 1
Room type(s): Studio, 1 King, Sofa bed
[Edit](#) • [Room details](#)

3. Summary of Charges

1 room(s) for 1 night(s)	Prices in USD
Saturday, May 20, 2017	219.00
Total cash rate	219.00
Total taxes and fees	38.33
Total for stay in hotel's currency	257.33 USD

 Our best rate. Guaranteed.