



April 26, 2017

Chairman Ryan Smith and Members of the Committee
Ohio State House Finance Committee
77 S. High St, 13th Floor
Columbus, OH 43215

RE: Opposition to Substitute House Bill 49

Dear Chairman Smith and distinguished Members of the Committee,

On behalf of Expedia, Inc., I respectfully urge you to oppose a provision in Substitute House Bill 49, which would impose a new and arbitrary tax on travel services, harming the travel and tourism economy in Ohio as well as the families and small businesses who depend on it.

Expedia brands shine an international spotlight on Ohio's small business and travel economy. Our platforms connect local hotels and communities to a world of potential travelers on over 200 travel booking sites in more than 190 countries, allowing them to transact business in foreign languages and currencies, and to be displayed side-by-side with some of the biggest hotel chains in the world.

Online travel agencies provide a critical service to travelers, our hotel partners, and the destinations we market. Hotels voluntarily use our services because we market their properties on a global platform helping them reach new travelers and fill rooms that would otherwise remain vacant. For example, an out-of-state visitor planning a trip to Cincinnati might assume there is a Holiday Inn Express or Doubletree in town, and there is. They could call the hotel chains' 24-hour reservation line and take care of their booking. But there is a much smaller chance that they would have heard of the Hotel Arvon without the help of an online travel agency that displays multiple properties in response to a geographic search, or without calling a brick-and-mortar travel agent to help make recommendations on where to stay.

Last year alone, Expedia, Inc. platforms helped travelers from all over the world book over 500,000 room nights in Ohio hotels.

And it's not just travelers from outside Ohio. Roughly 20 percent of online hotel bookings done in Ohio are done so by Ohio residents. We know Ohioans rely on these services to make travel more accessible. A Travel Tech Association study found that 70 percent of people see online travel agent services as valuable or very valuable in saving time and money. Ultimately, online travel agents like Expedia help travelers, hotels, homeowners, and the many other tourism-related industries, which are vital to a state's economy, like restaurants, museums, art venues, transportation companies, excursion providers, and others.

In 2015, approximately 443,132 full-time jobs were sustained by Ohio's travel and tourism industry, which could be at risk if tourism declines from this new tax. Businesses and families that book rooms online also spend \$36 billion dollars annually on taxable items during their visits.

Whether visitors want to go to a Buckeyes game or spend a weekend hiking Hocking Hills, services like Expedia, which serve as an intermediary between hotels and consumers, are uniquely positioned to help lower the cost and burden of traveling. This, in turn, helps hotels and communities by encouraging business for hotels and bringing increased visitor spending at local vendors, supporting jobs and growth in the local economy.

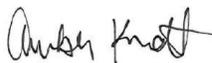
Additionally, services like the five arbitrarily singled out in this legislation, have never been subject to a sales tax of this sort. Extending a sales tax to booking fees would be inappropriate as they are a service, which is typically excluded from sales taxes. Moreover, specifically targeting travel agents – both online and traditional – with a sales tax would discriminate against the industry and offer a slippery slope for legislatures to add any number of new sales taxes to the service fees of other industries.

While we understand the need to close budget shortfalls, imposing a tax on travel agent services would do more harm than good. Ohio simply cannot afford to risk taxing an industry that is vital to economic growth and job opportunity in the state.

Travel and tourism is a bright light for Ohio's economic health. Why would Ohio want to impose a new sales tax on services on an industry that markets Ohio to the world? Industry data shows that a 1 percent increase in room rates results in a two percent reduction in bookings. Travelers will vote with their wallets and choose to stay elsewhere. And it's not just visitors to Ohio who use these services, it's your constituents too.

If this new tax on travel services passes the legislature and becomes law, online travel agents, brick-and-mortar travel agents, local tour operators and other travel service providers would have an incentive to steer travelers to states like Pennsylvania and West Virginia that do not level onerous taxes on travel services.

For the above reasons, we urge the House Finance Committee to oppose this legislation. Please feel free to look to Expedia as a resource as you continue your consideration of this issue.



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Expedia, Inc.