Testimony of Melissa Bova
On behalf of the Pennsylvania Restaurant & Lodging Association
Senate Community, Economic and Recreational Development Committee
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Good morning, Chairman Ward, Chairman Fontana and members of the Senate Community, Economic and Recreational Development Committee. Thank you for allowing me to testify before you to tell you more about the Pennsylvania Restaurant & Lodging Association, the importance of tourism to the hospitality industry and the current tourism priorities of our organization. My name is Melissa Bova and I am the government affairs representative at the PRLA.

Let me begin by giving you some background of our association. The Pennsylvania Restaurant Association, as we are formerly known, was originally founded in 1937 to represent the restaurant owners and businesses across the Commonwealth. Our organization celebrated two major events in 2012--the 75th anniversary of the association as well as expanding our membership base. On July 1, 2012 we welcomed the members of the Pennsylvania Tourism & Lodging Association into our membership and rebranded ourselves as the Pennsylvania Restaurant & Lodging Association. We are now proud to represent over 7,500 restaurants, hotels and hospitality businesses across the Commonwealth.

Tourism funding is extremely important for our members. Restaurants and hotels in the state employ almost 700,000 people and account for over $20 billion in yearly sales in the state, our industry is unable to grow and thrive without proper tourism promotion. Pennsylvania is no longer able to compete with the states that are making an investment in tourism promotion and it shows in our dropped ranking across the nation. For our members, most especially our lodging members, this is frustrating. Years ago, hotels agreed to collect and remit extra taxes to help promote tourism in their local areas. That is something to think about—when does an industry ever agree to an extra tax? It was done because these lodging businesses saw the value and return on investment in a hotel tax that would go completely towards tourism funding.

Unfortunately, over time—these taxes have been chipped away at for other non-tourism related purposes. Our association supports dramatic changes to the hotel tax laws in the Commonwealth that would once again bring us back to the original purpose of the tax---pure tourism promotion. We are part of a workgroup with the Pennsylvania Association of Travel & Tourism (PATT), the County Commissioners Association of Pennsylvania (CCAP) and legislative staff to try and address these concerns. Our association has also developed an in-house hotel tax committee to ensure that we are comfortable with any changes. We look forward to continuing to work towards hotel tax reform.

Our association also supports the Tourism Partnership that you have heard about earlier this morning. We are committed to ensuring that it is successful and have pledged our support to that end. With that being said, funding is the most important part, and we need to make sure that any funding of such a task force does not come on the backs of the hospitality industry in the form of extra taxes or fees.

Finally, in an effort to capture lost tax revenue, the PRLA and PATT are working to close what is commonly known as the "hotel tax loophole" relating to online travel companies. Currently, online travel companies only remit the sales tax and the hotel taxes on the wholesale rate agreed upon with the hotel, not the retail rate at which they sell the room to the consumer. It is believed that if this loophole were closed, the state could bring in up to $7 million extra dollars per year in sales and hotel taxes.

In conclusion, please know that our association is committed to working with you, the Senate Community, Economic and Recreational Committee, DCED and all other associations such as PATT engaged in tourism to address funding concerns and ensuring that Pennsylvania move back up in the rankings as it pertains to tourism. Thank you for allowing me to testify today and I will be happy to take any questions.