

January 29, 2018  
The Honorable Mario Scavello  
Chairman, Senate Community, Economic & Recreational Development Committee  
Room 168 Main Capitol  
Harrisburg, PA 17120

Dear Chairman Scavello:

We, the undersigned respectfully urge you to support SB 721 as introduced by Senator Reschenthaler, and co-sponsored by Minority Chair Farnese. This bill would amend the PA Tax Code, specifically Part V of the Tax Reform Code of 1971 which imposes an occupancy tax (aka "excise" tax) of 6% (7% in Philadelphia and Allegheny Counties) on the rent charged for the occupancy of a hotel room.

The legislation would require that online travel companies (OTC's) pay the full tax paid by the consumer at point of sale when booking a room via their channels utilizing the merchant model. Successful passage of this legislation would serve to facilitate the modernization of the Pennsylvania Tax Code and bring it into line with the modern travel booking landscape as it exists today. By closing this unanticipated loophole in the Tax Code, this legislation would revive the original intent of the General Assembly and restore an impartial application of the Code across the entire industry, and help to level the playing field for our hotel industry.

This bill would also dedicate funds collected from closing the loophole to the Tourism Office within DCED. This would help to restore Pennsylvania's competitive position in Tourism Marketing. According to a recent study by Tourism Economics the state has lost 37.3 million potential visitors, \$7.7 billion in visitor spending and almost \$450 million in state taxes, while saving only \$125 million through budget cuts since they were implemented eight years ago. Today, Pennsylvania ranks 47<sup>th</sup> in the nation in spending on Tourism Marketing.

Competitive and in some cases bordering states and cities have closed this loophole, generating badly needed revenue. Most recently, the State of Maryland successfully passed a similar bill, in 2016. The State of Oregon closed it in 2012 and the State of North Carolina in 2013. The PA Department of Revenue estimates that closing the loophole would generate nearly \$20 million in 2018. Please support Pennsylvania's 2<sup>nd</sup> largest industry by passing SB 721.

Sincerely,

PRLA (Pennsylvania Restaurant & Lodging Association)  
GPHA (Greater Philadelphia Hotel Association)  
County Commissioners Association of Pennsylvania  
Greater Philadelphia Chamber of Commerce  
Hilton Worldwide  
Marriott International  
Best Western Hotels and Resorts  
Loews Hotel Philadelphia  
Hersha Hospitality Management  
Hersha Hospitality Trust  
Pocono Mountains Vacation Bureau  
Visit Pittsburgh  
Visit Philadelphia

Philadelphia Convention & Visitors Bureau  
Valley Forge Convention and Visitors Bureau  
Destination Gettysburg  
Butler County Tourism and Convention Bureau  
Visit Erie  
York County Convention and Visitors Bureau  
Explore Altoona  
Lackawanna County Visitors Bureau  
Visit Luzerne County  
Discover Lehigh Valley  
Huntingdon County Visitors Bureau  
Warren County Visitors Bureau  
VisitMercerCountyPA  
Discover Lancaster  
Central PA CVB  
Cumberland Valley PA Visitors Bureau  
Visit Hershey & Harrisburg  
Susquehanna River Valley Visitors Bureau  
Pennsylvania Great Outdoor Visitors Bureau  
Visit Potter Tioga  
Greater Johnstown/Cambria County Convention & Visitors Bureau  
Allegheny National Forest Visitors Bureau  
Visit Lawrence County

CC: Senator Lawrence Farnese, Minority Chair  
Senator Richard Alloway  
Senator David Argall  
Senator Carmera Bartolotta  
Senator John Blake  
Senator Lisa Boscola  
Senator Wayne Fontana  
Senator Thomas McGarrigle  
Senator Guy Reschenthaler  
Senator John Sabatina  
Senator Joseph B. Scarnati  
Senator Patrick Stefano  
Senator Robert Tomlinson  
Senator Kim Ward

