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**TESTIMONY PRESENTED TO COMMITTEE on PLANNING and
DEVELOPMENT**
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*Karen J. Senich, Executive Director
Connecticut Commission on Culture & Tourism*

Testimony Regarding

**Senate Bill 303
AN ACT CONCERNING A MUNICIPAL HOTEL TAX**

Senator Coleman, Representative Sharkey and members of the Committee on Planning and Development: my name is Karen J. Senich and I am the Executive Director for the Connecticut Commission on Culture and Tourism, whose mission is to preserve and promote of all of Connecticut's cultural and tourism assets in order to enhance the quality of life and the economic vitality of the state. I appreciate the opportunity to testify regarding Senate Bill 303 - An Act Concerning A Municipal Hotel Tax.

Senate Bill 303 would allow any municipality to impose tax, of up to 4% of the total amount of the rental fee, for the use or occupancy of any room in a hotel within that municipality. The municipal tax would be in addition to the state's existing 6% tax on such occupancy. Connecticut's lodging tax includes 6% for occupancy and 6% for sales; this additional tax would be for occupancy. Historically, the occupancy tax, or portion thereof, was invested back into the tourism industry to perpetuate the return on investment.

Allowing a municipality to impose its own occupancy tax on a hotel would make that hotel less competitive with respect to other hotels located in Connecticut or outside the state. My concern is that any hotel tax increase will cause Connecticut to lose revenue. A convention or meeting planner, group tour operator or travel agent looks at the cost of a hotel in total, including the taxes. When a Connecticut municipality is allowed to impose additional taxes that make the cost of a particular hotel much higher than that cost of a similar establishment in a surrounding state, the planner or agent will look elsewhere. Not only will Connecticut lose hotel tax revenue if a decision is made to hold a convention or travel elsewhere, individual visitors may decide not to return to a particular hotel or any in the state upon learning of the total cost. Thus, we will lose the return visitors.

An additional tax will negatively impact jobs and the occupancy and sales tax receipts. According to a study published in 2008 by the American Hotel &

Lodging Educational Foundation, on average a 2% increase to the tax would cause a reduction in room sales and associated visitor spending per year unless countered by an increase in promotional spending. This will spill into every sector of the economy and cost jobs. As a result, I urge you to consider the revenue loss in determining whether this proposal should move forward.