

Co Chairs Daily and Widlitz and members of the Committee on Finance, Revenue and Bonding.

My name is Ed Dombroskas and I currently serve as the Executive Director of the Eastern Regional Tourism District/Greater Mystic Visitors Bureau "Mystic Country". In addition, from 1991-2006 I was the Executive Director of the Connecticut Office of Tourism and served from 2002-2005 as the Chairman of the National Council of State Tourism Directors.

I wish to speak to Raised Bill # 6626 " An Act Concerning the Imposition of the Sales Tax On Room Remarketers."

Currently, when a lodging property has an excess inventory of rooms that inventory is sold to a room remarketer at a discount from the "rack rate." The room remarketer then works to sell those rooms at a rate greater than they purchased the room inventory. A remarketer pays the 12% sales tax on the discounted rate at which they purchased the room inventory.

Consumers looking to find lodging at "sale" prices will often shop for lodging through a remarketer. Often they purchase the lodging at close to the normal rate, or at least at a rate greater than the rooms were acquired by the remarketer. The consumer pays the 12% tax on the cost of the room at the value they purchased the lodging. Unfortunately, the state does not see the tax revenue difference between the discounted rate and the rate at which the room is consumed.

Connecticut's lodging tax rate of 12% yields significant revenue to the state. Consumers understand the need for this tax and are willing to pay the tax in addition to the occupancy costs. In these economic times, where the state needs to collect all of the revenue possible, there should be a clear understanding that the entire tax rate paid by the consumer is in fact being transferred to the benefit of the state.

Recently, the Eastern Regional Tourism District has developed a plan to introduce the ability to book a room or purchase attraction tickets online via the www.Mystic.org website. This booking engine was developed as the direct result of consumer demand and to encourage potential visitors to select "Mystic Country" in the easiest possible manner. As we selected the process by which this booking engine would operate we felt that it is essential that all of the tax collected from the consumer should be deposited to the state. Assuming that after July 1st 2011 the Eastern Regional Tourism District is funded we will implement our booking engine in the 2011 summer season.

As unfortunate as taxes are, everyone recognizes they are necessary to support government and our way of life. Consumers have the right to know that all of the tax dollars they are charged are indeed going to the intended tax authority.

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