



State of Connecticut
General Assembly
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

March 12, 2012

Senator Daily, Representative Widlitz, Senator Roraback, Representative Williams and distinguished members of the Finance, Revenue and Bonding committee:

We are writing to you today to express my strong opposition to **HB-5420 - AN ACT CONCERNING THE IMPOSITION OF THE SALES TAX ON ROOM REMARKETERS.**

Over this past year, as legislators, we all have made a commitment to find ways to create jobs and to focus on turning our State's economy around. The message being sent is that "Connecticut is open for business". However House Bill 5420 contradicts that message, and will only further hinder any efforts to get Connecticut's economy back on track.

Under Connecticut's current law, the service fees of brick-and-mortar and on-line travel companies, such as Norwalk-based Priceline, are not subject to taxation. HB 5420 would impose a new tax on travel services by subjecting service fees charged by travel agents and other intermediaries for facilitating hotel bookings in Connecticut to the State's hotel occupancy tax.

Connecticut's tourism industry plays a critical role in helping to strengthen our economy. Over the past several years our State has experienced a decline in tourism and if demand continues to drop, it not only hurts Connecticut's lodging industry, but the entire tourism infrastructure (restaurants, shops, theaters, museums, gas stations etc) as well.

Recognizing this important role, in January 2012, the Governor's office and DECD announced a \$22 million tourism marketing campaign in hopes of attracting more visitors to Connecticut. Companies like Priceline invest millions of dollars annually on marketing travel to Connecticut at NO COST to the State.

This proposal fails to recognize the important – and arguably dominant – role that the companies like Priceline play in driving Connecticut tourism. On-line travel companies reach customers that many hotels and tourism bureaus cannot. The smaller, independently owned hotels and bed & breakfast depend on on-line travel companies to do the lion's share of online marketing for them.

This new tax clearly disregards the significant benefit Connecticut is enjoying through the billions of marketing dollars spent annually on its behalf by these companies, and in particular, further disregards Priceline's 15-year investment in creating jobs in the State.

To help address our State's financial crisis last session, the legislature made a difficult decision to increase the hotel occupancy tax from 12% to 15%. Creating another new tax that raises rates again, will have a similar detrimental effect on room night sales and will also make Connecticut less competitive with the surrounding New England states that directly compete for our tourism dollars.

For these reasons, we respectfully urge the committee to reject this proposal.

Senator Bob Duff (25th District)

Representative Lawrence Cafero, Jr. (142nd District)