

Tammy Cota, Executive Director
1615 L Street NW, Suite 1100
Washington, DC 20036-5624
Cell: 802-279-3534
Email: tammy@internetalliance.org
Web: www.internetalliance.org



March 9, 2012

Honorable Eileen Daily, Co-Chair
Honorable Patricia Widlitz, Co-Chair
Joint Finance, Revenue and Bonding Committee
Room 3700, Legislative Office Building
Hartford, CT 06106

Dear Senator Daily and Representative Widlitz:

My name is Tammy Cota. I am the executive director of the Internet Alliance, the leading national Internet trade association operating in the states. My members include Amazon.com, AOL, eHarmony, Expedia, Experian, Facebook, Google, Comcast, IAC, Match.com, United Online, Yahoo! and others.

My members want to express our strong opposition to HB 5420, a bill that would impose a new tax on tourism as it creates a new tax on fees charged for hotel rooms by intermediaries, whether they are booked on the Internet or otherwise.

Travel intermediary companies like Expedia, Orbitz and Travelocity drive revenue to Connecticut and are being singled out unfairly and unnecessarily as these companies lack ownership and physical control over the rooms rented. They assume no inventory risk in the rooms reserved, and do not buy, mark up, and resell blocks of rooms as is falsely claimed by proponents.

We understand the need to close budget shortfalls, however imposing a hotel room tax as part of the overall budget solution would be misguided and a huge, perhaps even a disastrous, mistake.

Connecticut simply cannot afford to tax the travel and tourism industry in this tight economy. This industry is vital to economic growth and job opportunity. Do not forget the state research [analysis](#) of Connecticut's decreased travel and tourism in 2010 that showed that room occupancy decreased significantly towards the end of 2008 and through the third quarter of 2009. In the fourth quarter of 2008, it dropped 17.9 percent, contributing to the largest drop in the travel and tourism index over the past two years. If the tax is left alone, demand for room occupancy is forecasted to grow in Connecticut in 2012 so it makes absolutely no sense to increase taxes on hotel rooms at this time.

Visitors are happy to, and already do, pay local taxes like everyone else. But when it is clear that they are being singled out unfairly with hotel taxes, car rental taxes, airport fees, visitor attraction fees, etc., they easily get turned off. CEOs of companies and potential vacationers, tight on cash, will look at these taxes as too expensive, and will likely chose elsewhere to visit - including the 48 states that do not have such a tax.

The economic downturn that will occur, as well as all of the other long-term effects of this tax will ultimately hurt local residents, the very people lawmakers want to protect. So we urge you to **reject** this counterproductive travel and tourism tax. Please feel free to contact me if you have questions.

Sincerely,

Tammy Cota

Tammy Cota

cc: Joint Finance, Revenue and Bonding Committee members