



April 9, 2018

**Testimony of Joseph Montano, Expedia, Inc. Government Affairs Manager
In Opposition to House Bill 1810**

Good morning Chairman Millard and distinguished members of the Tourism and Recreational Development Committee. My name is Joseph Montano and I am the Pennsylvania Government Affairs Manager for Expedia Group. Thank you for the opportunity to testify before you today on our opposition to House Bill 1810.

Across North America, Expedia Group, is supporting legislative efforts toward fair, common-sense, and evidence-based regulation of the vacation rental industry and is committed to fostering an affordable, accessible, and responsible vacation rental marketplace in compliance with local regulations. However, for the reasons discussed below, certain aspects of this bill will not advance these goals and will, in fact, create harmful unintended consequences.

As written, this bill would not only mandate that short-term rental hosting platforms disclose sensitive, personally identifiable information but it would also mandate that online travel agencies do so as well.

The Stored Communications Act (SCA) bars local, state, and federal government from compelling companies to disclose certain information without a subpoena.

Below is an example of an ordinance in Portland that sought to do that. Below is the language of the Portland, OR ordinance:

Upon request of the Division for any regulatory or tax administration purpose, Operators must provide all physical addresses of transient lodging occupancy locations within Portland city limits and the related contact information, including the name and mailing address of the general manager, agent, owner, Host or other responsible Person for the location.

An "Operator" in this case was defined to include hosting platforms. We sought a preliminary injunction in federal court, citing the SCA. The court ruled in our favor, specifically that the SCA precluded the City from obtaining that information upon request, without the proper legal process. In other words, the court ruled that forcing hosting platforms to disclose personally identifiable information without a subpoena, court order, warrant, etc. – would be in violation of the Stored Communications Act.

As it relates to the issue of collecting and remitting taxes on short-term rentals, Expedia and its family of brands that include vacation rental leaders HomeAway and VRBO, have always maintained that short-term rentals are a taxable commodity.

It's important to note, the short-term rental industry as a whole is not opposed to a bill which would place the responsibility of collecting and remitting taxes on the homeowner involved in the short-term rental activity and allow for the hosting platform to *voluntarily* do so as a service to homeowners.

The reason for this is because there are a variety of short-term rental platforms in the marketplace, and that they do not operate in the same manner. As a result, it would be impractical to require companies, with various different business models, to subscribe to a one-size-fits-all approach.

By allowing hosting platforms to choose the option more appropriate to their business, this committee would be accounting for the various payment models of hosting platforms in the marketplace. Accordingly, through the use of voluntary agreements, the Commonwealth of Pennsylvania will not inadvertently be preferring one business model over another, nor will it reduce its own revenue or increase its own administrative burden.

We welcome the opportunity to work with you and your staff to craft a fair and sensible policy on taxing short-term rentals but for the aforementioned reasons, I urge you to oppose House Bill 1810.

Thank you for your time and consideration.

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