



April 26, 2018

Dear Representative:

The Pocono Mountain Visitors Bureau (PMVB) is a private, non-profit destination marketing organization located in northeast Pennsylvania and covers Carbon, Monroe, Pike and Wayne counties.

On behalf of the Pocono Mountain Visitors Bureau, we would like to submit our support for Representative Marguerite Quinn's **House Bill 1511**. The bill updates and clarifies the collection of the hotel occupancy tax from online travel companies (OTCs). OTCs contract with hotels to purchase rooms at a mutually agreed upon wholesale price. These rooms are then resold online to the consumer. Traditionally, when a hotel room is sold to a consumer, the hotel collects and remits the state sales tax and the local hotel occupancy tax (where applicable) on the full retail rate charged for the room. Currently, OTCs collect and remit the sales tax and hotel occupancy tax on the room rental rate they negotiated with the hotel, not the full rate that the consumer is actually paying.

House Bill 1511 would level the playing field by applying the state sales and the local hotel occupancy tax to the full price paid by the consumer at point of sale for booking the hotel room. This will ensure fair competition among all hotels, those that utilize OTCs and those that handle reservations on their own. It will help keep small mom-and-pop hotels and bed-and-breakfasts in business. These operations are the backbone of our travel product within Pennsylvania. A number of our destinations within the state have an incredible amount of bed-and-breakfast operations. Most of the tourists traveling to the Commonwealth from outside the state, and even within the state, are coming for those specific experiences.

To be clear, House Bill 1511 does not create a new tax. It simply addresses an existing tax on the rent charged for the occupancy of a hotel room that was established before the internet and OTCs existed. By closing this loophole in the Tax Code, this legislation would revive the original intent of the Pennsylvania General Assembly and restore an impartial application across the entire industry.

As noted previously, customers already pay the tax. We feel that this is in essence a tax modernization issue. Other States have recently enacted similar legislation which has not been a detriment to the overall industry.

PMVB joins our fellow colleagues in supporting the closure of this loophole. It is essential for the survival of PMVB and for the success of the region. PMVB relies on the 3% of the hotel tax for the overall tourism budget. With dwindling tourism dollars and more reservations being booked on OTC sites, it is critical to level the playing field.

By supporting this bill, you will be supporting not only the Pocono region, but also the statewide tourism industry.

Thank you for taking the time to consider these comments.

Chris Barrett

Chris Barrett
President/CEO
Pocono Mountains Visitors Bureau