



American Society of  
Travel Advisors

March 5, 2018

The Hon. Ann Cummings  
Chair  
Vermont Senate Committee on Finance  
115 State Street  
Montpelier, VT 05633-5301

The Hon. Janet Ancel  
Chair  
Vermont House Committee on Ways and Means  
115 State Street  
Montpelier, VT 05633-5301

Dear Chairs Cummings and Ancel:

I write today on behalf of the American Society of Travel Advisors (ASTA) and the more than 120 people who work at travel agencies in the State of Vermont to express our concerns about Senate Bill (S.) 87 and House Bill (H.) 117, which would impose new taxes on travel agencies.

As you may know, the debate over tax proposals like S. 87/H. 117 targeted at online travel companies (OTCs) has been raging across the country for years – and the vast majority of courts and legislatures that have considered the issue have ruled in favor of the travel agency industry, including Delaware, West Virginia and Virginia. Policymakers are often told that these proposals will only impact large, out-of-state online agencies such as Priceline and Expedia who, it is argued, are shortchanging state and local governments on sales and hotel occupancy taxes and will have no impact on traditional “brick and mortar” travel agencies. This is simply not the case. Here is why:

- **S. 87/H. 117’s definition of a “booking agent” clearly captures non-OTC travel agencies.** The bills define booking agent as “a person who facilitates the rental of an occupancy... and who has the right, access, ability, or authority...to offer, reserve, book, arrange for, remarket, distribute, broker, resell, or facilitate an occupancy that is subject to the tax under this chapter.” This is what travel agencies in Vermont and beyond do every day. The bills make no distinction between online and offline or OTC versus brick-and-mortar agency, or even whether or not the agency is based in Vermont, and imposes tax on the full price paid by the consumer in the transaction, inclusive of any service fees the travel advisor charges the consumer.
- **S. 87/H. 117 impose new taxes on travel agency services.** Under the legislation, any fees travel advisors charge their customers for Vermont hotel bookings above the cost of the room itself would be subject to new taxation. This is problematic because as our industry has evolved agencies are charging service fees to their clients while relying to a lesser extent on commissions from travel suppliers, a trend that may accelerate as hotel chains increasingly look to reduce agency commissions.<sup>1</sup> In 2016 – a year when travel agencies booked \$33 billion worth of hotel rooms – 45 percent of agents charged a fee for hotel-only bookings and 42 percent charged a fee for an air, hotel and car package. These

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<sup>1</sup> See King, Danny. “[Hilton, too, will cut commissions on group bookings.](#)” *Travel Weekly*. 23 March 2018.

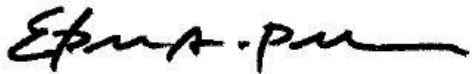
fees are charged for a service – saving consumers time and money by helping them navigate a travel marketplace that offers an overwhelming number of options. ASTA's long-held position is that this revenue, already subject to federal and state income taxes, should not be taxed a third time through taxes traditionally applied on hotel room stays.

- **S. 87/H. 117 would impose new administrative burdens on traditional travel agencies.** Travel advisors – again, both inside and outside Vermont – would have to register with state and local taxing authorities and be subject to detailed accounting and recordkeeping measures for each and every Vermont hotel transaction. How else would the tax be calculated and collected? This burden would be substantial for our industry, the vast majority of whom are very small businesses. In Vermont alone, according to the latest U.S. Census Bureau figures, 87 percent of travel agencies employ fewer than ten people.

Contrary to the misplaced notion of travel agents and advisors as a dying breed, travel agencies who have adapted to the internet era have not only survived but have thrived. Part and parcel of that evolution has been a shift in business model, from one based strictly on commissions to one based on service fees as well. Simply put, many traditional travel agents are now generating revenue in a manner similar to the large OTCs and thus also would be impacted by S. 87/H. 117 and bills like it.

Thank you for considering our views on this important issue. If you or your staff have any questions, please do not hesitate to contact me at (703) 739-6842 or [epeck@asta.org](mailto:epeck@asta.org).

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Eben Peck". The signature is fluid and cursive, with a long horizontal stroke at the end.

Eben Peck  
Executive Vice President, Advocacy