

OPINION

Reader's View: County short-sheeted in bed-tax revenue

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Saratoga County has long been recognized as one of America's great vacation destinations, especially during the summer track season. Unfortunately, Saratoga County right now is losing out on taxes being collected from hotel room nights sold through various online reservation websites. But fortunately, the local tourism industry and Saratoga County officials are working together to change this and to level the playing field between local hotels and online travel agencies.

The issue came to light when Cindy Hollowood, general manager of the Holiday Inn Saratoga Springs and chairperson of the NYS Hospitality & Tourism Association, returned from a trip to Washington, D.C., where members of NYSHTA, along with their colleagues from the American Hotel & Lodging Association, educated legislators on what has become an issue nationwide. As a result of the information they obtained and subsequent local research, officials in Saratoga County are drafting legislation to force these online travel agencies; Expedia, Travelocity, Orbitz, and others, to pay their fair share of taxes.

Similar to other destinations around the country and around the world, Saratoga County and the city of Saratoga Springs has a small surcharge on all hotel rooms and other lodging, creating special revenue that helps promote Saratoga as a tourist destination. In this way, tourists visit, pay a modest occupancy tax on their hotel room, and these funds help us advertise Saratoga as a world-class travel destination. This vital program has been a booming success for the tourism industry.

Currently, these online travel companies buy rooms from hotel owners at a wholesale rate. The online travel companies mark up the prices of the rooms and re-sell them to online customers. However, the online companies then remit the occupancy tax based on the wholesale rate, not the actual rate they charge customers. The difference between the wholesale and the retail occupancy tax collected from the consumer is then kept by the online travel agency. Reservations of hotel rooms thru online travel agencies continues to grow each year and, as a result, the tens of thousands of dollars the county has already lost will continue to grow and multiply if this loophole is not closed and the online travel agencies pay less than our local hotels.

The online travel companies, however, are not eager to give up this revenue and have been seeking total amnesty from the taxes they should be paying. Their lobbying arm, the Interactive Travel Services Association, has been in Saratoga County recently, spreading misinformation about this issue. Despite the aggressive pushback by the online travel companies to obtain a tax preference, we applaud Saratoga County as well for demanding that these companies remit taxes based on the retail price, just as the hotels have always done.

Saratoga County deserves to be paid what is owed to them. This is not a new tax. This is not a tax on local residents and local business owners. The reality is that this law has been in effect for 35 years and all of the funds

are reinvested into the community to promote business growth and development within Saratoga County. These and other activities provide our residents with employment opportunities and a number of other tangible benefits.

We support the Saratoga County Board of Supervisors and the city of Saratoga Springs for their leadership on this issue. We urge local residents and business owners to thank their local and county elected officials for seeking to create a fair and level playing field in the way occupancy taxes are collected from the online travel agencies.

Todd Garofano is president of the Saratoga Convention and Tourism Bureau, Todd Shimkus is president of the Saratoga County Chamber of Commerce and Jan Chesterton is president of the New York State Hospitality & Tourism Association.