

## Guest column: Stop unfair tax breaks for companies

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### Tourism impact

- Each dollar spent in tourism marketing generates \$147 in tourism spending and more than \$9 in new sales tax collections.

### Letters from Readers

More than \$130 million!

That's what Florida stands to lose over the next four years, if House Bill 493 and its companion Senate Bill 376 is approved.

Referred to as the OTC Bill, this piece of legislation — if passed — would exempt online travel agencies (Expedia, Orbitz, Priceline, Bookit, etc.) from paying taxes on the retail price of rooms they sell, giving them a profit advantage over Florida lodging providers.

State law requires every person who receives compensation for lodging accommodations to collect and remit all applicable taxes. Currently, online travel agencies only pay taxes on wholesale hotel rates, not what the customers pay.

The shortfall in tax revenue can be in excess of 20 percent. The online company keeps the difference as a "service fee." Rather than offset the state and local governments' revenue shortfall, this extra money is going into the online travel agency's pocket.

It's surprising that the Florida Legislature is considering providing corporate welfare to out-of-state companies. By the way, in other states, the online companies are required to pay taxes on the full amount charged the customers.

What does this cost Northeast Florida communities? For Duval, Flagler, Nassau and St. Johns counties — in 2010 alone — the uncollected taxes from these online transactions were approximately \$1.8 million.

Those funds could have gone directly into sales and bed tax collections at the local level to be used for beach renourishment; support for cultural, sporting and other special events; Everbank Stadium; and overall tourism marketing designed to bring more tourists here.

More visitors to the area means more money in our local economy and more jobs for our residents (every 85 visitors creates one new job).

These sales tax collections help fund better roads, our local parks and education and ultimately help keep Florida free of a state income tax on residents.

In fact, this funding is so critical that the state of Florida and many counties joined together in a lawsuit against the online agencies to force payment of the taxes owed under state law. That's when they turned to their friends in the Legislature.

Florida faces deep budget cuts, yet we are leaving that \$130 million of uncollected tax revenue from online travel agencies on the table.

And that number pales in what the losses could be if Walt Disney World, Universal and others decide to launch their own online companies to take advantage of the unearned profits created by this bill.

This bill is widely opposed by a number of groups, including the American Hotel and Lodging Association, the Florida Association of Convention and Visitors Bureaus and the Florida Association of Counties.

Together, these organizations, along with the national chains of Best Western, Choice Hotels, InterContinental Hotels, Marriott, Hilton and Starwood, signed and submitted a letter to Gov. Rick Scott requesting this bill not pass.

However, thus far legislators are ignoring the views of their constituents in favor of politically connected corporations that have hired a high-powered group of lobbyists as a profit-generating strategy.

Florida's legislators are speeding through tax breaks for out-of-state companies that put Florida employers at a competitive disadvantage, while shortchanging Florida sales taxes that fund state programs and balance the budget in Tallahassee.

It's something everyone should oppose.

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