



June 25, 2010

The Honorable Jim Webb
248 Russell Senate Office Building
Washington DC 20510

Dear Senator Webb:

I am writing you today to request that you to oppose the misnamed “Internet Travel Tax Fairness Act (ITTFA)”. For more than a year, online travel companies (OTCs) have sought federal legislation that would allow them to remit hotel occupancy taxes only on the discounted wholesale rate that OTCs pay hotels for rooms that they book instead of remitting hotel occupancy taxes on the full retail rate that customers pay for those rooms. The language they are seeking would create a federal preemption to limit state and local governments’ ability to apply fully occupancy taxes to OTC transactions.

The Virginia Hospitality & Travel Association questions this proposed language for two main reasons: First- it would undermine an important revenue source for states, cities and other local jurisdictions as well as local convention and visitor’s bureaus and related activities that rely on these revenues to promote tourism and fund communities. Second- it creates a new preferential tax category for OTCs and specifically bans hotels from this new preferential tax category if a guest books directly with a hotel.

This issue is clearly controversial and requires a full public airing before any legislative action is taken. Federal legislation involving state and local tax issues has been traditionally within the jurisdiction of the Senate Committee on Commerce, Science & Transportation. To that end the Virginia Hospitality & Travel Association urges you to ensure that any such legislation proceeds through the Commerce Committee under regular order rather than going straight to the floor.

We would be concerned about any effort to add provisions on OTCs to a legislative vehicle, such as the Small Business Lending Act of 2010 on the Senate Floor today.

Sincerely,

Katie Hellebush
Director of Government Relations