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Chairman Norman Major  
House Ways & Means Committee  
New Hampshire State Legislature

Chairman Major:

I write today on behalf of the American Society of Travel Advisors (ASTA) and the nearly 480 people who work in the travel agency sector in the State of New Hampshire to express our concern about House Bill (HB) 15 which would impose new taxes on travel agency services at a time when our members are facing an existential crisis due to the coronavirus (COVID-19) pandemic.

As a result of COVID-19 and the governmental response to it, the travel agency business has come to an almost complete halt and has remained there since March 2020. According to our member surveys, more than 9 in 10 travel agencies report 2020 business income as down at least 75 percent compared to 2019. Further, even factoring in the relief programs created by the federal CARES Act and successor legislation, close to 64 percent of travel agencies surveyed have laid off at least half their staff. With that context, we respectfully question the wisdom of the State Legislature considering any form of a tax increase on this decimated industry at this moment in time.

To the issue at hand. As you may know, over the years debate over tax proposals 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. Upon reading the text of the bills, this is simply not the case. Here is why:

- **HB 15’s would impose new taxes and administrative burdens on local travel agencies.** Under the bill, travel advisors would be subject to a new tax on service fees, a tax that would be passed on to constituents. New Hampshire agencies would have to register with state and local taxing authorities and at least in theory be subject to detailed accounting and recordkeeping measures for every hotel transaction in that locality. How else will these taxes be calculated and collected? This burden would not be insubstantial for our

industry, the vast majority of whom are very small businesses. In New Hampshire alone, according to the latest U.S. Census Bureau figures, 86 percent of travel agencies employ fewer than ten people.

- **HB 15's tax burden would only apply to citizens.**

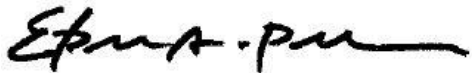
The new taxes imposed based on the definition of a "Hotel Intermediary" would only impact

New Hampshire citizens and businesses. Because the of the jurisdiction for taxable services, this new tax would only apply to services provided to New Hampshire-based travelers. The tax would not apply to service fees paid by out-of-state travelers booking New Hampshire hotels.

Contrary to the misplaced notion of travel agents and advisors as a dying breed, travel agencies who adapted to the internet era in the years before COVID-19 not only survived but thrived. While we are under no illusions about the budgetary challenges facing the Commonwealth of Virginia, we respectfully urge you to oppose these new taxes and administrative burdens on Virginia travel agencies.

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,



Eben Peck  
Executive Vice President, Advocacy  
American Society of Travel Advisors (ASTA)