



Testimony of Stephen Shur, President of the Travel Technology Association

My name is Stephen Shur, and I am the President of the Travel Technology Association. My organization represents companies like Expedia, Priceline, Orbitz, booking.com, TripAdvisor, AirBnB, HomeAway, VRBO and many others.

Our industry is responsible for booking hundreds of thousands of room nights in Kansas annually. In the wake of the Supreme Court Wayfair decision, many states have begun the process of legislating tax collection for “remote sellers”. These marketplace facilitator provisions do not and should not apply to travel intermediaries.

Marketplace facilitator legislation is aimed at collecting taxes from remote sellers in an environment where no taxes are being collected. In our world, accommodations bookings, ALL of the proper taxes are already being collected and remitted to the state. This applies to both hotel bookings as well as short term rental bookings as both AirBnB and HomeAway (including VRBO) have voluntary collection agreements with the state of Kansas.

Should OTAs and short-term rental platforms be ensnared in marketplace legislation, it would disrupt the efficient and effective administration and flow of tax revenue from the traveler to the state. Again, Kansas is already getting all applicable taxes on all hotel bookings in the state and the overwhelming majority of short-term rental bookings.

I’d like to talk briefly about how our industry works. I’ll start with hotel bookings.

First, and most importantly, online travel agents don’t buy rooms in bulk at wholesale rates and resell them at retail rates.

When a traveler books a hotel room via a travel agent, either online or in Kansas, the total amount the traveler pays includes:

1. the room rate set by the hotel,
2. all applicable taxes based on that room rate, and
3. a service fee charged by the travel agent (online or in the community)

The travel agent passes the room rate and taxes on the room to the hotel and the hotel remits the tax to the state.

Kansas hotels willingly and enthusiastically partner with my members to help market unsold rooms.

- OTAs market Kansas hotels to the world but are never responsible for unsold rooms.
- The hotel controls the inventory and sets the price.
- The terms wholesale and retail have no meaning in the travel agency arena.
- There is only one room rate and that is what the hotel requires to allow a guest in the room on a given night.
- Taxes on hotel rooms in Kansas are based on the amount the hotel requires to allow someone to occupy a room on a given night. That is the basis for the calculation of the tax.
- If a hotel reduces its nightly rate, directly or indirectly, the tax is based on that reduced rate (such as AAA, AARP discounts, government rate, etc.)
- OTAs do not operate hotels. Online travel agents are just that, travel agents. They connect travelers with hotels and charge the traveler a service fee for the service they provide (the ability to search for, compare and book a hotel room).
- The playing field between hotels and OTAs is not “uneven”. OTAs are a valued marketing channel for large hotel chains and independent hotels.
- Hilton’s CEO recently said this, “The OTAs are a good partner for us to be able to access customers that we might not otherwise be able to access.”
- For independent hotels, the value of OTAs is even greater.
 - By partnering with OTAs, independent hotels get to compete for travelers with the major hotel chains when their property shows up on a comparison screen next to Marriott and Hilton.

OTAs are a valued partner to Kansas’ travel and tourism economy.

Short Term Rentals

For short term rental bookings on platforms such as AirBnB, HomeAway and VRBO, tax collection and remittance is the responsibility of the homeowner, HOWEVER, AirBnb and HomeAway (parent company of VRBO) have entered into voluntary collection agreements with the state of Kansas, streamlining the tax collection and remittance for

homeowners and the state, while ensuring the state is getting all applicable taxes on every short term rental booking.

When a traveler books a short-term rental in Kansas on AirBnB, HomeAway or VRBO, the platform collects the rate charged by the homeowner, all applicable taxes and a service fee. The platform remits the consideration for the booking to the homeowner and remits the taxes directly to the state. This streamlined tax collection by the platforms is a tremendous benefit to both the homeowners and to the state.

We urge the legislature to ensure that travel intermediaries are not inadvertently captured by marketplace facilitator legislation. As noted, Kansas is already getting all applicable taxes on accommodations bookings and respectfully request that the bill is amended to exclude travel intermediaries.

Thank you.

Stephen Shur
President