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MEMORANDUM

TO: Representative Joey Manahan
Chair, Committee on Tourism, Culture and International Affairs (TCI)
Hawaii State Capitol, Room 421

VIA HAND DELIVERY

FROM: Gary M. Slovin

DATE: February 10, 2009

RE: **H.B. 1585 relating to the Taxation of Online Travel Companies
Hearing on Friday, February 9, 2009 at 9:00 a.m., Room 312**

Dear Chair Manahan and Members of the Committee on Tourism, Culture and International Affairs:

I am Gary M. Slovin, testifying on behalf of Orbitz, Expedia and Sabre, who provide online travel bookings services for consumers worldwide. Orbitz, Expedia and Sabre strongly oppose H.B. 1585, which seeks to impose general excise tax and transient accommodations tax for services provided by online booking companies.

We believe that this measure will have a very negative impact on the tourism economy in Hawai'i, which is already ailing in the present economic downturn. The proposed tax in H.B. 1585 would be the first of its kind in the country. The online travel industry is a critical part of the tourism marketplace in Hawai'i and around the world. Online travel companies can offer customized and affordable travel packages that help price-sensitive travelers.

The online travel industry has become a major force in promoting travel and tourism throughout the world. Taxing the services provided by this industry may create a shift in tourism from Hawai'i to other, non-taxable destinations. We recognize the need for the state to generate funds given the present fiscal situation, however, keeping the tourism industry stable, is also critical to stimulating the economy.

It is for these reasons that we requested that the committee hold this bill. Thank you very much for the opportunity to submit testimony.