



# 2011 LEGISLATIVE PRIORITIES



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# STATE LEGISLATIVE PRIORITIES

## Hotel/Motel Occupancy Tax

Budget deficits in communities across Pennsylvania have spurred new efforts to divert county hotel taxes away from tourism marketing and into urgent local needs such as roads, mass transit, or prisons. PTLA has long and successfully fought to keep counties from spending room tax money on anything other than activities that generate more tourism—such as advertising or convention centers. We will continue to support county room taxes dedicated to convention and visitor bureaus to be used solely for tourism purposes and oppose any legislation designed to enact a tax on Pennsylvania lodging room sales or occupancy that allocates any portion of such tax for general government funding at any level.

## Tourism Marketing and Promotion Funding

Tourism Funding is critical to our industry. The industry feels strongly that Advertising and promotion dollars work and that private industry is a vital part of this process. The expenditures of visitors who visit Pennsylvania as a result of our marketing efforts generate badly needed tax revenue and help reduce the burden on Pennsylvania's General Fund.

Tourism promotion is an appropriate role for public tourism development funding to be used to promote Pennsylvania business, particularly small business.

PTLA will work on the following initiatives:

### 1) State Funding for Tourism Promotion and Regional Marketing Partnerships

Pennsylvania is expected to face another multi-billion dollar state budget deficit in FY 2011 - 2012, which could result in even deeper cuts to state-sponsored tourism advertising. PTLA will work to maintain funding for local and regional DMO's, as well as regional tourism partners at the same funding level as the FY 2010-2011 State Budget, which was \$10.7 million.

### 2) Public – Private Tourism Governance Structure

Our industry recognizes that it is critical to seek *legislative and executive branch* acceptance of Pennsylvania's tourism and hospitality industry as a *proactive and critical* partner in addressing and solving the Commonwealth's unprecedented budget challenges.

It is also important to achieve *industry-wide* understanding that it cannot look to government to solve all its problems, but must be a partner with government in seeking solutions to them.

We will work with the next Administration and legislative leadership to create a sustainable Public - Private Governance Structure outside of state government.

We recommend establishing a **Pennsylvania Tourism Commission** through a public-private partnership within the industry. The existence of a Pennsylvania Tourism Commission will accomplish the following: *Reduces the size and expenses of government*, and *creates a more efficient* public-private tourism structure.

We would suggest and support the use of tourism dollars currently in the state budget to establish and operate the Tourism Commission. These dollars could continue to fund current grant programs for an agreed upon time frame, with a long-term goal of transitioning to an industry model that would fund itself.

Furthermore, the industry, in partnership with the Corbett administration and legislative leaders, would work long-term together to establish a specific "dedicated funding" source for Tourism.

The industry's long-term goal for tourism funding is \$25 - \$50 million per year, generated from within the industry to market and promote the industry.

## **Mandatory Display of Dietary and Nutrition Information**

PTLA supports providing nutritional information to restaurant customers, but opposes legislation requiring restaurants to display nutrition information directly on menus and menu boards. We also support flexibility in how the information is provided, reasonable liability protection for restaurants, and uniform labeling nationwide.

## **Post Labor Day School Opening**

PTLA supports legislation requiring Pennsylvania public schools to begin classes after Labor Day. A later school-start date would boost state sales and local hotel-tax collections by fostering more travel. Pennsylvania attractions rely heavily on part-time student workers every year to increase their workforces for the busy summer season. In today's tight labor market, these businesses are finding it more difficult to recruit young employees because of the number of high school students who return to school prior to Labor Day. The State and attractions spend millions of marketing dollars to attract tourists every summer, yet those businesses are forced to cut off the season early due to a shortage of employees in mid-August.

## **Wine & Spirits Discount**

PTLA supports legislation that would increase the discount from 10% to 16%. The PA Liquor Control Board is generating record profits today, driven in part by the significant wholesale purchases of Pennsylvania's licensees. Reinstating a reasonable wholesale discount on wine and spirits would allow licensees to re-invest in their businesses and employees. Increasing the current discount will also make wine and spirits more affordable to Pennsylvanians, which will increase sales and generate more revenue to the state. PTLA believes this is an appropriate time to restore the discount to its original level.

## **Sale of Wine by Bed & Breakfast Properties**

The Pennsylvania Tourism & Lodging Association (PTLA) supports legislation that would allow bed & breakfast properties to offer a bottle of wine to guests.

Pennsylvania is home to more than 100 wineries, and ranks 7th nationally in the number of wineries. Each year, approximately one million tourists visit Pennsylvania winery tasting rooms. It is estimated that 33 percent of these visitors are from out-of-state, and 25 percent use overnight accommodations.

Many bed and breakfasts are located near wineries throughout the state. Special winery and lodging packages would expand tourism and support the State's four wine trails.

Allowing inns to offer a bottle of wine will enhance the overnight travel experience of their guests. This action would not only benefit visitors, but also the bed & breakfast and the wine industries in the State. State tax revenue would grow from the increased sale of Pennsylvania wines and overnight stays. This change would also allow Pennsylvania to compete with other states that already allow similar packages.

## **Johnstown Flood Tax**

PTLA supports the elimination of the 18% Johnstown Flood Tax imposed on licensees in the Commonwealth. The tax was enacted in 1936 after the Johnstown Flood occurred. This unreasonable tax represents an enormous burden for licensees that operate on a slim average profit margin. The elimination of this tax would help bring licensee prices down to a more reasonable level for the purchase of their wine & spirits. The savings would allow licensees to reinvest in their businesses and their employees, generating even more economic activity and additional tax revenue for the Commonwealth.

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# NATIONAL LEGISLATIVE PRIORITIES

## **Employee Fair Choice Act (EFCA)**

The lodging industry is committed to protecting workers' rights, including the right to join unions and approve their labor contracts through a fair and federally-supervised private ballot election.

The Employee Free Choice Act (EFCA) takes privacy, power and voice away from America's workers. It's that simple.

This legislation would take away a worker's right to a federally supervised private ballot election when deciding whether or not to join a union. EFCA would replace the private ballot with a biased and inferior process called "card check" which allows a union to organize if a majority of workers simply sign a card. Under this system, the workers' votes are made public to the employer, the union organizers, and co-workers.

## **Internet Travel Tax Fairness Act**

The "Internet Travel Tax Fairness Act" (ITTTFA) which would create a special federal tax preference exclusively for third party intermediaries (TPIs) such as Orbitz, Expedia, Travelocity, and hotels.com would place every lodging property in the United States in extreme jeopardy.

Many tax jurisdictions in the U.S. have become aware of that while lodging properties collect and remit room taxes based on the rate for which the room was advertised and sold to the guest, TPIs calculate the tax they remit based on their discounted rates and keep the remaining amount collected as part of their "service fee."

Tax jurisdictions throughout the country have filed lawsuits and are taking other actions to collect all the taxes they see as being collected but not remitted. In response TPIs are pressing for federal legislation that would prevent states and localities from taxing anything over the discounted rate (the language has been ambiguous enough that it may actually give an exemption to the TPI any tax liability on the entire transaction). The legislation also discriminates against every lodging property in the country by specifically banning hotels from using the new tax category.

## **Travel And Tourism Promotion**

The Travel Promotion Act (TPA) was signed into law on March 4, 2010. This now opens up the next phase of this multi-year economic plan: its implementation.

AH&LA is working with the U.S. Travel Association in creating a plan for the Act's implementation. The next steps will be for the Corporation for Travel Promotion to appoint its Board members, hire staff, and secure the funding aspects described in the law. It is estimated that the first ad campaign will begin in mid-2011.