

Submitter:

Peter Stone

On Behalf Of:

Committee:

House Committee On Revenue

Measure, Appointment or Topic:

HB3962

Re: HB 3962-2

One of the classic problems with taxation is fairness. How do you make sure the people who benefit from public services actually pay for them equitably? In this situation, how do you get visitors to pay fairly for the services they use? How do you get locals to do the same thing? One thing people who follow this sort of thing historically fear is that those who vote on tax issues locally (and their elected representatives) will try and offload as much local tax burden as possible on to non residents, and relieve themselves of having to pay for things they themselves largely benefit from. Their representatives know that visitors can't vote, and see the opportunity of placing an ever increasing tax burden on these non voters as a win win for them (ultimately a "taxation without representation" issue). This.....I believe, is one of the primary reasons the state came up with the 70/30 distribution rule, but increasingly higher TLT rates are one of the unintended consequences. On the one hand, the 70/30 rule helps encourage tourism in the area due to higher required "tourism related activities" spending, but on the other hand, increases the actual financial burden on those tourists when they visit! At what level have you spent enough on tourism and "related" things, and what have you collected too little for in terms of tourism's direct cost to the county for public services? Have any studies been done? One could make the case that tourism increases overall tax revenues through economic activity, but how do you separate out the cost/benefit here? There have been cases where hotel taxes were raised so high that revenues actually DROPPED due to decline in bookings (they were then lowered, and collected revenues went back up), but how do you define that point? Unless we go back to a system where landowners and residents alike can vote, I think a 50/50 split in terms of revenue allocation would be more fair, and help keep TLT rates more reasonable, and allocate more \$\$\$ to cities and counties to use as they see fit. I DON'T think you need to narrowly specify, as HB 3962-2 does, exactly how some of the tourism portion of the revenue gets spent....isn't that the role of local governments to decide on a needs basis? Those needs may change year to year, so why lock that in with restrictive spending language? Some counties may have more urgent affordable housing needs than wastewater management needs....for example. We also need to study the actual public service burden that tourism places on cities and counties. I also think we need to see how other regions of the country are dealing with this, and how they allocate their transient lodging taxes to see if there are solutions we haven't even thought about.