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## House Co-Sponsorship Memoranda

### House of Representatives Session of 2015 - 2016 Regular Session

#### MEMORANDUM

**Posted:** March 13, 2015 12:44 PM  
**From:** [Representative Gary Day](#)  
**To:** All House members  
**Subject:** Loophole regarding online travel companies and hotel occupancy tax

I plan to re-introduce legislation intended to correct a loophole in state law that allows online travel companies to avoid full collection and remittance of hotel occupancy tax for internet transactions which they facilitate.

Room rentals, when conducted by a hotel, are taxable under Pennsylvania law. When these online internet travel companies conduct such rentals, they do not remit required hotel occupancy tax for the full cost of the rental, thereby benefiting from and not contributing to the cost of tourism in Pennsylvania.

Currently, third party intermediaries such as Expedia, Travelocity, etc. calculate the amount of tax a hotel customer owes based on a negotiated rate with the hotel for the occupancy of the room, which may be less than the amount the customer pays for the room. My legislation would clarify that the full price a customer pays to book a room, including the amount retained by an intermediary, is subject to state and county room taxes. Each transaction would be a small amount to the end user, but collectively an amount that supports tourism, Pennsylvania's second leading, thus industry maintaining jobs and promoting economic development across the Commonwealth. As state funds supporting tourism promotion have dwindled to almost nothing, the collection of full tax liability from By closing this loophole, we would ensure a fair taxing mechanism which does not favor one reservation system and provides equal enforcement of our existing system and provides equal enforcement of our existing statutes.

The legislation is in the form of a package of five bills amending the following state and county hotel room tax laws: Tax Reform Code (& 209), County Code (various sections), Title 53 (& 8721), Title 64 (& 6025) and Act 174 of 1998 (definitions).

#### Document #1

 Introduced as [HB1316](#)

**Description:** Amending Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes, in other subjects of taxation, further providing for excise tax on hotel

#### Document #2

 Introduced as [HB1315](#)

**Description:** Amending the act of March 4, 1971 (P.L.6, No. 2), known as the Tax Reform Code of 1971, in sales and use tax, further providing for definitions.

#### Document #3

 Introduced as [HB1314](#)

**Description:** Amending the act of August 9, 1955 (P.L.323, No. 130), known as The County Code, in fiscal affairs, further providing for authorization of certain hotel room rental taxes; and, in grounds and buildings, further providing for certain hotel room rental taxes.

#### Document #4

 Introduced as [HB1312](#)

**Description:** Amending the act of December 21, 1998 (P.L. 1307, No. 174), known as the Community and Economic Improvement Act, further providing for definitions relating to tourism and marketing tax.

#### Document #5

Introduced as [HB1311](#)



**Description:** Amending Title 64 (Public Authorities and Quasi-Public Corporations) of the Pennsylvania Consolidated Statutes, in Pennsylvania Convention Center Authority, further providing for hotel room rental tax and continuation of existing tax.