



New York State
**HOSPITALITY
& TOURISM**
Association

1 Computer Drive South
O. 518.465.2300

Albany, NY 12205
F. 518.465.4025

www.nyshta.org
800.642.5313

**Testimony Submitted by Mark Dorr, President
New York State Hospitality & Tourism Association**

Budget Hearing: Economic Development

January 23, 2021

My name is Mark Dorr, President of the New York State Hospitality & Tourism Association, the oldest statewide lodging Association in the country - founded in Saratoga Springs in 1887. We represent 1,000-member businesses in the lodging and attractions industry. Tourism currently ranks as the state's third-largest industry.

I am here to thank you for recognizing the need to provide a mechanism for collecting sales tax from the currently unregulated short-term rental industry. This not only begins to level the playing field for the state's lodging industry; it immediately helps boost the state's economy by collecting taxes on obvious business transactions. This legislation would require vacation rental marketplace providers to collect that sales tax on the rentals that they facilitate.

The lack of tax collection in this area has contributed to an unlevel playing field for the state's lodging industry for nearly a decade. This proposal, if enacted, would make New York State the undeniable leader on this important issue. According to a recent report by the State Comptroller, New York State saw local sales taxes drop by more than 10% (\$1.8 billion) in 2020, reflecting a decline more precipitous than during the Great Depression. At the same time, short term rentals during the pandemic have dramatically increased, particularly in rural areas of the state. The short-term rental industry has been accommodating millions of overnight guests annually in New York State with no framework in place for collecting the sales tax on these units. This budget proposal closes that loophole and holds the rental platforms accountable. On behalf of the hard-working employees who work in the thousands of hotels statewide, we thank you. In closing, this

proposal will not only generate much needed revenue for the State, it will also help hotels, motels, and other members of the hospitality industry maintain their competitive edge while trying to recover from the devastating financial impact of the pandemic.

Given its proven track record as a revenue source and job creator for State and local governments, tourism is not only a wise investment, but a critical one that yields unmatched and well sustained returns for New York's economy. We have seen significant accomplishments from the I Love NY and Matching Grants programs. To that end, we request that funding mechanisms for the I Love NY programs are at least maintained as provided for in the Governor's Executive Budget Proposal in the amount of \$2.5 Million. The "I Love NY" program itself provides statewide marketing strategies establishing partnerships and implementing programs to encourage visitation. The businesses that make up the tourism industry have survived through the tough economic times of limited commercial bookings and fewer vacations. Marketing is what will help bring the visitors back and it is incumbent upon New York to ensure that the tourism industry is a powerful one in order to generate critical future revenue. Competition from other states who market in New York remains a concern, and New York must continue to market and maintain all the resources and destinations it has to offer.

We will also request at least \$3.8 Million be allocated to the Matching Grants Program in the upcoming fiscal year, an increase from the Governor's proposed (\$2.4 Million), but equal to last year's designation. As the State takes steps to recover from the economic devastation caused by the pandemic, it is critical that we support and invest in tourism marketing efforts. Businesses that have been shuttered for the past year are just now being allowed to open, this includes outdoor amusement parks, sports arenas and wedding venues. These industries are critical to the fiscal health of the state, and programmatic funding for marketing is a crucial component for businesses in opening their doors once gain. The hospitality and tourism industry looks forward to partnering with the State in this effort.