

Testimony of Jay Ellenby
President & CEO
Safe Harbors Travel Group, Inc. (Bel Air, MD)
before the
Maryland House Ways and Means Committee
March 11, 2015

- Chair Hixson, Vice Chairman Turner and distinguished members of the committee, thank you for the opportunity to share my concerns with House Bill 1065.
- My name is Jay Ellenby and I'm President and CEO of Safe Harbors Travel Group in Bel Air, Maryland. I'm also here on behalf of the American Society of Travel Agents, the trade association for travel agencies of all shapes and sizes, on whose Board of Directors I serve.
- As you probably know, this issue has been debated in state after state for the past few years. Policymakers are told that these proposals will only impact large, out-of-state online travel companies (OTCs) like Priceline and Expedia and will have no impact on traditional "brick and mortar" travel agents and travel management companies like mine. Look closely at the bill, however, and you will see that this is not the case.
- Here is the definition of "accommodations intermediary" in HB 1065:
 - *An "accommodations intermediary" is "a person, other than an accommodations provider, who facilitates the sale or use of an accommodation and charges a buyer the taxable price for the accommodation."*
- This definition makes no distinction between online and offline, if such a distinction could even be made in our ever-changing industry. So far as I can tell, this definition captures my company and plenty of others like it who charge our clients a service for Maryland hotel bookings or travel packages with a hotel component.
- In our industry, the movement away from relying on supplier commissions to charging clients a fee for service has been underway for several years. According to ASTA, in 2012 45 percent of agents reported charging a fee for hotel-only bookings and 42 percent charged a fee for an air, hotel and car package. These fees are charged for a service – saving consumers time and money by helping them navigate a marketplace that offers an overwhelming number of options and choices. I believe that this revenue, which is already subject to federal and state

income tax, should not also be subject to the taxes traditionally applied to hotel room stays.

- The travel agency industry has seen huge changes in the past 20 years – airline commission cuts, the rise of internet commerce, 9/11 – but those who have weathered those changes are not only surviving, but thriving. Key to this evolution has been a shift in business model, from one based on commissions to one based on fees.
- Put simply, Maryland traditional travel agencies, especially the successful ones, do the things the big OTCs do and would be impacted by bills like HB 1065. I urge you to oppose the bill.
- I appreciate the opportunity to testify and will be happy to answer any questions you might have.

Jay Ellenby
President/CEO
Safe Harbors Travel Group, Inc.
126 S. Main Street
Bel Air, MD 21014
(800) 344-5656 Ext. 1408
jellenby@safeharbors.com