

The National Tour Association is the premier association for travel professionals who have a keen interest in the packaged travel sector of the industry. The association, which is made up of nearly 4,000 members, brings together those who package travel – group as well as individual trips – with suppliers and destinations who represent the various components of a trip. Although based in North America, our membership spans the globe.

In recent years, travel and tourism taxes have grown tremendously, both in amount and prevalence. This growth puts an excessive and disproportionate burden on NTA tour operators because the taxes cut into every facet of their business. In addition to standard taxes common to businesses, tour operators are faced with gasoline, air and cruise, hotel, restaurant, car rental and attraction taxes. These additional taxes drastically affect the profit margins of NTA tour operators, which, as a population, are generally small businesses.

Ben Franklin said, "Nothing is certain in life but death and taxes." Taxes are a fact of life, and NTA members believe in paying their fair share. They have, and statistics bear this out. According to the Travel Industry Association of America, travel and tourism taxes generated more than \$94.7 billion in tax revenue for federal, state and local governments in 2003 – down approximately \$5 billion (5 percent) from the previous year. This tax revenue was generated from an estimated \$554.5 billion in expenditures on travel and tourism-related products.

In many states and localities, lawmakers have used the travel industry and travelers as a convenient source of new revenue for programs unrelated to travel and tourism. Travelers do not vote where they travel and therefore are easy targets for increased taxation. Furthermore, many travelers are simply unaware of the numerous taxes they pay while traveling. Legislators may be correct in thinking that these are "visitors" and not "voters." However, the educated visitor may "elect" to vote with their feet and take their vacations (and travel dollars) elsewhere.

New taxes or user fees that help fund tourism promotion, travel facilitation and infrastructure improvement are acceptable as long as the fees are reasonable and dedicated for that particular travel-related purpose. For example, the federal gasoline tax has helped build the finest interstate highway system in the world. The aviation ticket tax built the nation's airport and airway system. Unfortunately, the trust funds for these worthy purposes have become embroiled in deficit-reduction politics and not used for their intended purposes.

However, legislators are now asking business and leisure travelers to pay more to fund programs for the homeless, for environmental protection and for deficit reduction. While these programs are indeed worthy of support, the travel industry should not be viewed as a source of funds for special government programs.

The main tax challenges facing the industry are taxes that are too numerous and too high. Travel is a discretionary expense for most Americans, and they will take shorter vacations or business trips, or cancel travel altogether, if rising costs make travel prohibitive. If Americans don't travel, or travel less, the travel/tourism industry, with its millions of employees, suffers. State budgets, already suffering in the current economic downturn, see tourism taxes as a way to balance their budgets. After Sept. 11, this

approach compounds the pressures faced by small and medium tour operators and the traveling public.

The National Tour Association strongly opposes increased travel and tourism taxes, especially if the revenue is targeted to go to the general fund or towards deficit reduction. The only positive travel industry taxes are those that are "invested" in tourism promotion, infrastructure development and job creation.