



March 15, 2019

RE: OPPOSE S.B. 877 AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET.

Dear Co-chairs Sen. Fonfara and Rep. Rojas, Ranking Members Sen. Witkos and Rep. Davis, and all members of the Finance, Revenue & Bonding Committee,

On behalf of the Board of Directors of the Chamber of Commerce of Eastern Connecticut, I write in opposition to the proposal to raise the state occupancy tax to 17%, Increasing the hotel occupancy tax is often proposed to increase revenue without careful consideration of the resulting negative impact on the state's economy.

Increasing the room tax will have the opposite impact than intended. It runs the risk of reducing income due to the loss of visitor overnight stays and conference related business.

Additionally, Connecticut's 15% occupancy tax is already the highest statewide hotel tax in the nation. Our convention and meeting market is threatened and there is ample evidence that groups will look to other states with cheaper fees/taxes. A Connecticut room block costing \$100,000 for overnight guests at 17% tax, is \$17,000. A Massachusetts (not Boston) room block costing \$100,000 for overnight guests at 5.7% tax, is \$5,700. That is a significant difference when considering conference locations. Connecticut has also been known as a drive-through state and raising occupancy taxes will only exasperate additional visitor losses to our neighboring states.

Connecticut currently struggles with the lowest hotel occupancy rate of 61.6% when compared to Rhode Island at 66.6%, Massachusetts at 69.3% and New York at 73.5%. Connecticut already experiences the highest hotel occupancy tax in the nation at 15%, and our venues are feeling the weight of this burden. An increase to 17% will only make Connecticut less attractive as a tourism destination and as a place for people to visit for business.

To make tourism a stronger revenue driver for our state, we must aggressively market our state's tourism product and increase our hotel occupancy. Tax revenues will grow if the state properly markets Connecticut's tourism industry. With our world class resorts, historic towns and top of the line venues Connecticut tourism could become a powerful tool to balance our budget. Raising the taxes to the tourism industry is not the way, we should be investing in our strong tourism assets to increase visitors to the state.

Thank You,

Tony Sheridan  
President and CEO

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