



July 26, 2012

Mr. Cory Fong, Commissioner & MTC Chairman  
North Dakota Office of State Tax Commissioner  
600 E. Boulevard Ave., Dept 127  
Bismarck, ND 58505-0599  
(701) 328-7088

Re: Model Statutes for the Collection and Remittance of Lodging Taxes by Accommodations Intermediaries

Dear Mr. Fong:

I am writing in connection with the Multistate Tax Commission's ("MTC") *Model Statutes for the Collection and Remittance of Lodging Taxes by Accommodations Intermediaries* (the "Model Legislation"), which will be subject to a vote by Multistate Tax Compact (the "Compact") members at the upcoming annual meeting in Grand Rapids, Michigan.

On behalf of Expedia, Inc., I urge the Compact members to recommit the Model Legislation to the Uniformity Committee for further development. As explained more fully below, the Compact's uniformity goal is better served by Model Legislation that does not contain multiple tax remittance options or impact the business relationships of accommodations intermediaries and hotels. If the Model Legislation will nonetheless include multiple tax remittance options, the single-remittance model (referred to as "Option 1" below) will benefit from additional development.

The Compact's purposes, as expressed in Article I, include promoting uniformity among the states and easing compliance with tax administration laws:

The purposes of this compact are to: . . .

2. Promote uniformity or compatibility in significant components of tax systems.
3. Facilitate taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration.<sup>1</sup>

The Model Legislation undermines the Compact's purposes by offering two separate alternatives for the imposition of lodging tax responsibilities on accommodations intermediaries. The Model Legislation allows for: (1) remittance to the state or local tax agency by the accommodations provider ("Option 1" or the "single-remittance model"), and (2) remittance to the state or local tax agency by the accommodations provider and the intermediary ("Option 2").

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<sup>1</sup> *Multistate State Tax Compact* art. I.

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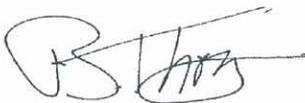
In addition to concerns about the lack of uniformity, Option 1 is not practical for accommodations intermediaries who will have difficulty complying with the single-remittance model. The single-remittance model provided for under Option 1 is particularly burdensome from a compliance standpoint for accommodations intermediaries. In addition, while some larger hotel chains may be capable of handling the additional compliance required under Option 1, many (if not most) smaller chains and independent hotels will find compliance difficult. Significant systems changes will need to be undertaken by both accommodations intermediaries and hotels to comply with the requirements of Option 1.

Furthermore, Option 1 will require the disclosure of confidential business information by accommodations intermediaries, which will significantly disrupt the business relationship of the parties. Intrusion into taxpayers' business relationships is contrary to the very purpose of the Compact (as outlined in Article I) to facilitate taxpayer compliance and administration. Other single-remittance models exist with which hotels and accommodations intermediaries could more easily comply, and we urge the MTC to carefully consider these other single-remittance options which do not intrude into the business relationship of the parties.

Although certain aspects of Option 2 create compliance difficulties, unfairly target OTCs, and require significant system upgrades which we find objectionable, Option 2 will result in less disruption to the business relationships of the hotels and accommodations intermediaries.

While Expedia, Inc. believes any new taxes on our services is bad tourism policy, we remain ready to work with the MTC to develop Model Legislation that more effectively facilitates compliance. We greatly appreciate your consideration of this matter. Please contact me if you have any questions or need additional information.

Sincerely,



Brent Thompson  
SVP, Government and Corporate Affairs

cc: Joe Huddleston, Executive Director – MTC  
MTC Compact Members