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January 20, 2010

Via Email to rbland@mtc.gov

Mr. Stephen M. Cordi, Chair
Mr. Tim Russell, Vice Chair
Mr. Robert J. Kleine, Treasurer
Ms. Susan Combs, Member, Executive Committee
Mr. Cory Fong, Member, Executive Committee
Mr. Ramon J. Hirsig, Member, Executive Committee
Ms. Roxy Huber, Member, Executive Committee
Multistate Tax Commission
44 North Capitol Street, N.W.
Suite 425
Washington, DC 20001

Re: Comments on Hearing Officer's Report on Proposed Model Statute on the Tax Collection Responsibilities of Travel Accommodations Intermediaries

Dear Executive Committee Members:

Travelocity.com LP ("Travelocity") appreciates the Executive Committee's time and attention to this important matter, and welcomes the opportunity to provide comments. As most of you know, Travelocity provided substantive comments on the Proposed Model Statute to Hearing Officer Roxanne Bland when she was preparing the Report; I have enclosed a copy of our August 20, 2009 letter for your reference.

While we are disappointed that the Report fails to recognize the seriousness of the issues we raised in that letter, we are also particularly troubled that the Report includes new proposals that have not been fully vetted and that could create serious problems for travelers, accommodations intermediaries, and taxing jurisdictions. Some of the Report's suggested changes to the Proposed Model would impose (1) additional reporting and taxation obligations for packages which combine accommodations with two other travel components, including airfare, and (2) new invoice requirements related to separately-stated amounts. The Proposed Model - especially if it were adopted with the changes suggested in the Report - could have profoundly adverse effects on the accommodations intermediary industry with far-reaching consequences to the hotel and other travel-related industries.

As noted in our August 20, 2009 letter, federal law precludes state and local taxation of air transportation; our comments suggested that travel packages should be

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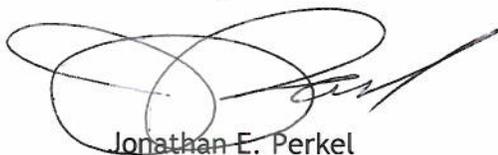
explicitly excluded from taxation. However, the Report instead suggests adding new language that would add a tax on packages that combine accommodations with two other components, including packages that incorporate air transportation and car rental components.

Moreover, the Report also adds a new "separately-stated" invoice requirement to the Proposed Model that is neither necessary nor good tax policy in this context. Such a requirement could create tremendous difficulties for industry and others.

Accommodations intermediaries were a key factor in the revitalization of the American tourism industry following the September 11 attacks. Then, as now, the intermediaries assisted travelers searching for affordable accommodations at hotels that had excess inventory. In order to help drive travelers and their dollars to many of the nation's big cities and small towns - including to locations in the states represented on the Executive Committee - accommodations intermediaries, working with hotels, created a business model in which services provided to consumers by intermediaries allow hotels to rent their excess rooms to consumers.

Travelocity encourages the Executive Committee to consider carefully the significant problems with the Proposed Model. As Professor Walter Hellerstein points out in his December 2, 2009 comments to the Committee, if the MTC intends to impose new taxes on accommodations intermediaries, the industry proposal provides a better alternative. We stand ready to answer any questions from the Committee relating to this letter and to our previous comments, and look forward to the Committee's proposing an alternative model that is better for the accommodations intermediary industry, the hotel industry, taxing jurisdictions, and consumers.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jonathan E. Perkel', written over a circular stamp or seal.

Jonathan E. Perkel
Senior Vice President &
General Counsel

Enclosure