

LEGISLATIVE ROUNDTABLES

Bringing your voice to the table.

ISSUES SUMMARY



CLOSING THE ONLINE TRAVEL COMPANY LOOPHOLE

SB 721, HB 1511

ISSUE SUMMARY

These bills would close the current loophole that permits online travel companies, such as Expedia, Orbitz and Priceline, to remit less tax than in-state lodging establishments on rooms sold through their sites. The additional revenue from closing this loophole would be dedicated to the state tourism office for tourism promotion.

POSITION

PRLA supports both bills and closing the loophole. Not only is the Commonwealth losing revenue to out-of-state companies, but in-state hotels, employing Pennsylvanians, are at a competitive disadvantage.

STATUS

A hearing was held on SB 721 in the Senate Community Economic & Recreational Development Committee. HB 1511 was passed unanimously by the House Finance Committee on June 22 and will be considered by the full House in the fall.

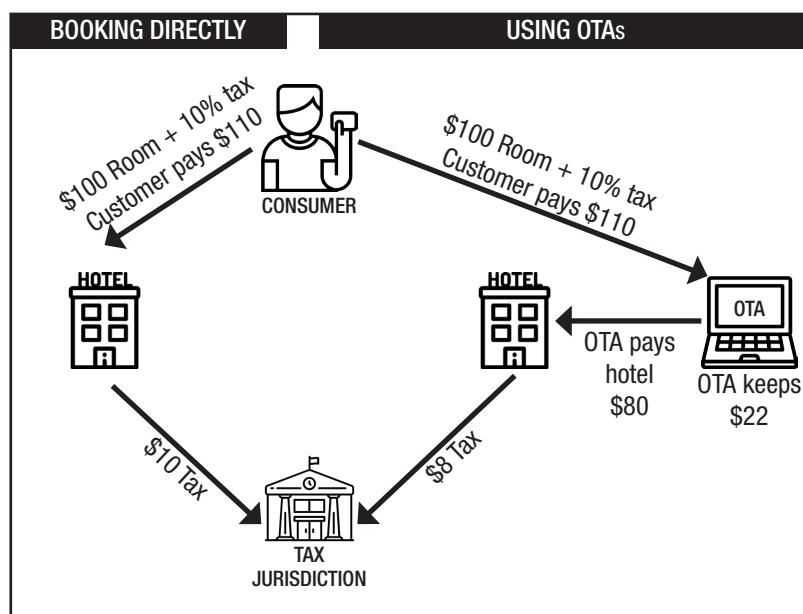
TALKING POINTS

- Pennsylvania requires state occupancy tax and local hotel tax to be remitted at the retail price of a hotel room.
- When a customer books an overnight stay directly with a lodging establishment, the lodging establishment collected and remits the appropriate taxes to the total, retail, cost of the room.

- When the customer books an overnight stay with an online travel company, these companies are only remitting taxes on the wholesale cost of the room that they negotiated with the hotel—not the actual retail cost paid by the customer.
- According to the PA Department of Revenue, closing this loophole would mean \$20 million in extra tax revenue. Funds that could be used to promote Pennsylvania.
- Currently, the tourism office only receives \$4 million in funding—compared to \$70 million in New York and \$20 million in Ohio.
- If PA fully funded tourism at \$35 million, the state would realize a 300 % return on investment—additional tax revenue for the general fund. \$20 million is a great first step.

ACTION REQUESTED

Please support both of these bills and ask leadership in your respective caucus to support moving them. This would ensure a level playing field for in-state hotels versus out of state companies and to begin the process of once again fully funding tourism promotion in Pennsylvania.



ONLINE HOME SHARING TAX FAIRNESS

HB 1810

ISSUE SUMMARY

HB 1810 (Heffley—R, Carbon) requires online home sharing platforms such as Airbnb and VRBO to register with the Department of Revenue and regularly submit a list of Pennsylvania properties to ensure tax compliance. Further, the legislation allows the Department to share that information with county treasurers to ensure county tax compliance.

BRIEFING NOTES:

POSITION

PRLA supports HB 1810.

STATUS

The bill was passed by the House on June 13 by a vote of 177-14 and is currently in the Senate Community, Economic & Recreational Development Committee.

TALKING POINTS

- Over the years, as technology has changed, online home sharing sites such as Airbnb and VRBO have made it easier for individuals to offer rooms in their home, or their entire home as a short-term rental for transient guests. Unfortunately, many of these people who list their home(s) are unaware they owe taxes on these rentals.
- Hotels and bed and breakfasts in the state are not opposed to the competition that comes from these types of sites, but this legislation is about leveling the playing field--these short-term rentals are providing overnight accommodations to guests staying less than 30 days and are therefore subject to state and local occupancy taxes. Unfortunately, without legislating the information be shared—online home sharing platforms continue to allow for listings without ensuring any type of compliance.
- This legislation requires online home sharing sites to register with the Department of Revenue to regularly submit listings that are located in Pennsylvania.
- Despite what some people say, these sites are NOT required to remit tax on any of these rentals, merely to provide the listing information so the Department can ensure compliance of the individuals listing on the site.
- In addition, if a home sharing site wants to remit taxes on behalf of those listing on their site—nothing prohibits them from that, as well.

ACTION REQUESTED:

Educate Senators on the issue and ask them to support the bill in committee and on a full Senate vote.

MINIMUM WAGE INCREASE

Multiple pieces of legislation

ISSUE SUMMARY

Pennsylvania is an island when it comes to the minimum wage. With every state around us seeing an increase, the conversation is ramping up in Harrisburg. There are multiple pieces of legislation being discussed:

- Gov. Wolf, once again, has proposed an increase in the minimum wage to \$12/hour.
- Multiple minimum and tipped-wage increase bills have been filed this session.

POSITION

PRLA does not support an extreme increase in the minimum wage, and is opposed to any increase in the tipped wage.

STATUS

The increase in the minimum wage and tipped wage continues to be a threat as Pennsylvania remains the only state in our part of the country with the federal minimum wage.

TALKING POINTS: THE TRUTH ABOUT OUR INDUSTRY

- The hospitality industry is the second largest industry in Pennsylvania, second to agriculture, and employs 10 percent of the population.
- One out of every three people have started their career in the hospitality industry.
- About 80 percent of managers and owners in the industry now started in entry level positions.
- What is the average number of years that your employees have worked for you? Tell a story about how you have advanced in the industry, or how one of your employees has advanced.

TALKING POINTS RELATING TO MINIMUM WAGE

- While many people do not make minimum wage, an increase puts compression on other, higher wages causing an increase across the board in labor costs. Labor is the single largest expense in an industry that only averages a 4 percent profit margin.
- Raising the minimum wage will cause me to make changes to my business (give specific examples).

- Forty-six percent of minimum wage hospitality workers are teenagers, while 70 percent are under the age of 25.
- The average household income of hospitality workers that earn the minimum wage is \$62,507. The vast majority of minimum wage workers are not the breadwinner in their household.
- Teenage unemployment is currently at 20 percent. Raising the wage will only mean that more teens will be unemployed—missing an opportunity to gain valuable work experience.
- In a report released by the Independent Fiscal Office, almost 54,000 people would lose their jobs if the minimum wage was increased to \$12/hour.
- An extreme minimum wage would put Pennsylvania at a higher minimum wage than any of our surrounding states. PA already has a higher unemployment rate than other states, this would put us at even greater disadvantage.

TALKING POINTS RELATING TO THE TIPPED WAGE

- Tips provide a significant financial benefit to tipped employees—tip-earning employees are among the industry's higher earning employees.
- Tips are considered wages and employees and employers pay all taxes on tipped income.
- The tipped wage is not a subminimum wage. The minimum wage for tipped employees is exactly the same as the minimum wage for every other employee in Pennsylvania.
- Entry level servers (tip-earning employees) make \$12/hour and more experienced servers tend to make \$16/hour. Talk specifically to the average wage your servers earn.
- An increase in the tipped wage only hurts the back-of-the-house employees who rely on a wage that doesn't include tips.
- Discuss specifically the changes you would need to make to your business if the tipped wage were increased. Cite payroll costs.
- Discuss how an increase, or elimination of the tipped wage, will hurt tipped employees.

ACTION REQUESTED

As the second largest industry in Pennsylvania, it is imperative that PRLA be part of any discussion regarding a change in the minimum wage or tipped wage.

PREEMPTION OF LOCAL LEAVE & EMPLOYER MANDATES

Senate Bill 128, House Bill 861

ISSUE SUMMARY

The cities of Philadelphia and Pittsburgh have each passed a paid leave mandate. While Pittsburgh's mandate is currently in litigation, nothing prevents the state's other 2,500 municipalities from passing their own local paid leave mandate—or any other employer mandate. SB 128 (Eichelberger—R, Blair) would preempt local municipalities from mandating paid leave on private business. HB 861 (Grove—R, York) would preempt local municipalities from passing a broad array of employer mandates on the local level. The City of Philadelphia now plans to consider a scheduling mandate.

POSITION

PRLA supports both SB 128 and HB 861.

STATUS

SB 128 was voted out (8-4) of the Senate Local Government Committee and awaits consideration by the full Senate.

HB 861 has been filed in the House and was the subject of a hearing in June.

GENERAL TALKING POINTS

- Every business in Pennsylvania is different, and decisions on how to run the business should be made by the business owner—not local government.
- Allowing municipalities to mandate their own requirements creates a patchwork of different laws that are difficult to comply with and put businesses in those municipalities at a competitive disadvantage.
- These types of decisions should be made on the state level to ensure a level playing field for all businesses within the Commonwealth. Minimum wage, unemployment compensation and worker compensation are all determined on the state level—mandated employer policies should be as well.

TALKING POINTS

- Philadelphia has passed five employer mandates in the past 2.5 years and is expected to consider two more mandates in the near future:
 - **ALREADY PASSED:** mandated paid leave, expansion of ban the box, creation of a wage theft coordinator on top of state and federal labor investigators, prohibition of credit checks and prohibition of asking salary history.
 - **UPCOMING:** Mandated paid family leave, scheduling mandate
- There is nothing stopping other municipalities from following Philadelphia's lead, which is why—as a point of policy—the state should ensure it is the entity making these decisions, not local government.

ACTION REQUESTED

Ask your legislator to support legislation that would ensure employer mandates are made at the state level—not by local governments. PRLA supports the language in HB 861 and supports amending SB 128 to include other business mandates in addition to paid leave.