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April 15, 2024

Representative Rex Reynolds, Chair  
Representative Linda Hall, Ranking Minority Member  
House Committee on Ways and Means General Fund  
The Alabama Legislature

Via E-Mail

**Re: In Support of S.B. 150 – Tourism Tax Protection Act**

Dear Chair Reynolds, Ranking Minority Member Hall, and Members of the Committee:

We applaud the measures in S.B. 150 (and its companion H.B. 220) toward centralization of accommodations taxes in Alabama and stand in strong support of these efforts. We respectfully suggest, however, that this topic would benefit from additional study before finalizing legislation. Towards that end, we would like to share with you a study conducted by the State Tax Research Institute (STRI) published in July 2022, “Locally Administered Sales and Accommodations Taxes: Do They Comport with *Wayfair*?”<sup>1</sup> that should assist you in your efforts to ensure unnecessary burdens are not imposed on Alabama businesses.

**About COST**

COST is a nonprofit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 500 major corporations engaged in interstate and international business, many of which directly conduct business in Alabama. COST’s objective is to preserve and promote the equitable and nondiscriminatory state and local taxation of multijurisdictional business entities.

**STRI Sales and Accommodations Taxes Study**

The Study discusses at length the tax compliance challenges faced by businesses subject to local taxes. In particular, the Study focuses on local lodging and accommodations tax obligations faced by accommodation platforms, which are internet-based marketplace facilitators that connect lodging providers with consumers seeking accommodations. The Study also describes the compliance

<sup>1</sup> <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/local-study.pdf>

burdens imposed upon accommodation platforms that are required to collect local lodging taxes on behalf of brick-and-mortar accommodation providers (*e.g.*, hotel, bed and breakfast, short term rental) in thousands of taxing jurisdictions where the accommodation platform is not physically present. Finally, the Study offers several solutions for reducing the tax and compliance burdens inherent in local taxes, and particularly encourages greater central administration of local taxes.

### **Conclusion**

We respectfully suggest that you continue to examine the compliance challenges faced by businesses and work toward a solution that efficiently administers the taxes without creating unnecessary burdens on the business community.

Respectfully,



Patrick J. Reynolds

cc: COST Board of Directors