

Testimony of Chris Seddelmeyer  
Mid-America ASTA Chapter President  
Seddelmeyer Travel Concepts (Lima, OH)  
*before the*  
Ohio House Ways and Means Committee (Subcommittee)  
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Chairman McClain and distinguished subcommittee members, thank you for the opportunity to testify on Governor Kasich's tax reform proposal. My name is Chris Seddelmeyer, and I own and operate my own travel business in Lima, Ohio. More importantly, I serve as President of the American Society of Travel Agents' (ASTA) Mid-America Chapter.

On behalf of the more than 1,800 people who work in my industry in the State of Ohio, I am here to ask you to oppose extending the state's sales tax to travel agent services.

Making a good living in my industry has never been easy. We survived airline commissions getting cut to zero, and then 9/11, and staying in business requires a lot of determination, creativity, and persistence.

This new tax would add to these challenges and seriously impact Ohio travel agents across the board. There are 289 retail locations in Ohio, contributing 1,845 full-time jobs and \$55 million in direct economic impact to the state. These businesses' profit margins are razor thin. According to ASTA's 2012 Member Profile Report, 36 percent either broke even or lost money in 2011. Furthermore, these are predominantly small businesses – in Ohio 67 percent of travel agencies employ fewer than 5 people.

I think you will find that the travel industry is much more complicated than other service sectors. For example, there are a number of unanswered questions about how this tax would work: Would it be applied to our commissions? Would out-of-state agents selling to in-state customers be captured? How would independent contractors be treated?

What we do know is that if this passes we will face an increased cost of doing business, a slew of new administrative and accounting burdens and be put at a competitive disadvantage with businesses in states where travel services aren't taxed.

Assuming the tax were only applied to agents' service fees, and we only count the state sales tax and not county piggyback taxes, we estimate nearly \$14,000

in annual new taxes on the average agency, or a total of over \$4 million statewide for Ohio agencies.

In addition, there will be costs that we cannot accurately predict right now. Every Ohio agency would have to register with the state and their home county as a vendor and create a system for calculating, collecting and remitting sales tax. There are also competitive consequences to be aware of. If only Ohio agencies are required to collect, travel agencies that don't have a physical presence in Ohio, yet compete for our customers, would have a competitive advantage by not having to pay the tax.

We in the travel agency industry are already facing grave challenges, and burdensome new taxes would be a crippling blow. While we have no illusions about the budgetary challenges facing the State, I urge you in the strongest possible terms to oppose the Governor's proposal, or at least provide an exemption for travel agencies.

I appreciate the opportunity to testify and the time you've taken to listen to my concerns. I would be happy to answer any questions you might have.

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