

Testimony of Alvin Adriano  
CEO & President  
Travelwise International (Fort Washington, MD)  
*before the*  
Maryland House Ways and Means Committee  
March 2, 2020

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- Chair Kaiser, Vice Chairman Washington and distinguished members of the committee, thank you for the opportunity to share my concerns with House Bills (HB) 1354 and 1628.
- My name is Alvin Adriano and I'm CEO and President of Travelwise International in Fort Washington, Maryland. Like Jay, I'm also here on behalf of ASTA and its Maryland members.
- I too am opposed to HB1628 and HB1354, which would lower Maryland's sales tax rate but expand it to almost all services in the case of HB1628 and to 13 specific services provided in the state – including travel agency services – in the case of HB1354.
- Maryland is a small state, so it is worth asking another question in addition to those Jay poses – would out-of-state travel agencies selling to Maryland customers be captured by the tax? In my case, I am right across the river from Virginia, so this is a concern.
- Maryland travel advisors are different from other service providers that compete primarily against other in-state businesses also subject to the proposed taxes (dogwalking, interior design, etc.). The typical agency is a true “virtual business” and competes not only with fellow Maryland advisors but against a wide range of out-of-state businesses, including “brick and mortar” agencies, travel suppliers, travel management companies and online travel companies.
- If the tax is only applied to Maryland travel agencies, it would put them at a distinct competitive disadvantage with companies that don't have to deal with the increased costs and administrative burdens taxing their services would bring.
- I want to point out, too, that travel agency revenue is already subject to income tax, both by the State of Maryland and by the federal government. If passed, this proposal would make our state one of only a handful of states in the nation to impose triple taxation of this nature. Past state attempts to apply sales tax to services have proved highly controversial, and this will likely be no different. Other states that have attempted to apply sales tax to services – Massachusetts (1990), Michigan (2007),

Utah (2019) and here in Maryland in 2007 – ended up repealing the highly-controversial taxes either before the effective date or soon thereafter.

- While I am under no illusions about the budgetary challenges facing the State of Maryland and the need to modernize the state's tax code, I urge you in the strongest possible terms to oppose HB1628, HB1354 and any proposal to expand the state's sales tax to travel agency services.
- Thank you for the opportunity to testify. I would be happy to answer any questions you might have.

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