

Times Standard

August 16, 2016

Summer travel brings more hidden taxes

By Chip Rogers

It's summer, which means that Americans have vacation on their minds. A recent survey found that 80 percent of U.S. residents plan to take a summer vacation in 2016, spending roughly \$1,000 on average.

But that money isn't only being spent on camping and beer. Much of it is taken by hidden taxes—government fees and surcharges that sneak up on travelers' wallets—increasing the cost of an already expensive vacation.

Take driving. Even at current low prices, gasoline is still one of the largest expenses of many vacations, especially in states like New York and Pennsylvania. The federal gas tax is 18.4 cents per gallon, without even taking into account state gas taxes, which average another 27 cents per gallon. Gas taxes in New York come out to about 43 cents per gallon, while Pennsylvania's gas tax surpasses 50 cents per gallon—reaching 70 cents per gallon when you factor in the federal gas tax.

It means that, in these states, drivers send more than 25 percent of their tab to the government. That's a lot of pain at the pump.

Toll fees make driving even more painful. U.S. toll agencies collect roughly \$13 billion from travelers annually—

in addition to revenue from gas taxes. American households bear an average burden of more than \$1,100 dollars per year in additional travel-related costs. This includes an estimated \$597 per household dedicated to road construction and repair every year.

Flying is certainly no cheaper. When you buy a plane ticket from Boston to Los Angeles, for example, you're forced to pay a 7.5 percent tax to travel. The so-called Domestic Flight Segment Tax charges travelers about \$4 for every segment of a flight. (A segment is defined as "a flight leg consisting of one takeoff and one landing by a flight." A layover means more segments and more taxes.)

When Americans fly internationally, they are faced with the International Arrival and Departure Taxes, each totaling \$17.70 per flight. The September 11th Security Fee adds as much as \$11.20 round-trip to the average traveler's airfare bill.

All in all, Americans now pay nearly 25 percent of their airfare to the U.S. government in taxes.

And what happens when they touch down? These travelers pay the government even more—in the form of hotel and rental car fees.

The average vacationer can pay more

than \$15 in taxes for a \$100 hotel room. According to a 2011 study from the Global Business Travel Association, the effective tax rate on a \$100 room in the top 50 U.S. markets ranges from 10.5 percent in Burbank, California, to over 18 percent in New York City.

Ditto for rental cars. Factoring in a sales tax, mandatory theft protection, insurance and other surcharges, the final bill for a rented ride can come out to hundreds—even thousands—of dollars. In fact, rental car fees and surcharges are often higher than the base cost to rent the car itself, meaning that the effective tax rate can reach 100 percent. Travelers have reported final bills ranging anywhere from \$550 to \$4,000!

Combining hotel occupancy and rental car fees, U.S. travelers often allot 30 percent of their travel budget to hidden taxes, overburdening Americans who just want a break from their daily routine.

Keep that in mind when you take your next trip. Uncle Sam is making your vacations much more expensive.

Chip Rogers is the President and CEO of the Asian American Hotel Owners Association and a member of the Job Creators Network.