



Alabama cities sue internet travel companies over lodging taxes

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BIRMINGHAM, AL (WBRC) - Eight Alabama cities, including Birmingham are saying "give us our lodging taxes". A lawsuit filed Friday claims internet hotel-booking sites are not paying owed taxes, which could add up to millions of dollars.

Local attorneys claim internet companies charged a lodging tax to customers booking hotel rooms, then never gave the money to the city, saying this is a perfect case of corporate greed.

Travelers go online to book a hotel room on a website like Expedia, Priceline, Orbitz or Hotels.com and after pressing "book," the total dollar figure pops up including a line labeled "taxes". Attorney Henry Frohsin claims those taxes are lodging taxes paid by customers that have never been paid to 8 cities throughout Alabama.

"When those online travel companies sell them online to you and myself we pay the 15 percent or so tax, but it goes into the coffers of Travelocity, Orbitz, Hotels.com and the other companies we have sued," says attorney Henry Frohsin. "Its just a profit item from them, there are millions of dollars at stake here."

Frohsin says similar suits have been filed in Texas, Georgia and Virginia with millions of dollars going to cities in back-taxes. On behalf of Alabama cities and the BJCC authority, Frohsin is asking for companies to pay up, interest included. "Those moneys need to flow back into the coffers of the municipalities so they can direct them to infrastructure or whatever, but who's keeping them? Travelocity, hotels.com, expedia, etc.," Frohsin said.

The case is a non-jury case and will go straight to a judge.

Attorneys say the corporate greed needs to stop. "The taxpayers need to know the interest clock is ticking sort of like the Fram Oil Filter Man. They can pay us now or they can pay us later."

Andrew Weinstein with the Interactive Travel Services Association released this statement on behalf of the internet sites. "We are saddened about the misleading tactics of contingency-fee attorneys in attempting to convince Alabama municipalities to pursue these frivolous allegations. Contrary to what the plaintiffs' attorneys claim, online travel companies do not purchase or resell hotel rooms, and they do not own or operate hotels. Every penny of occupancy taxes owed on rooms is remitted in full to local hotels. We are confident that the court will agree with the five federal courts, including the Fourth Circuit Court of Appeals, that have determined that this type of taxes do not apply to online travel companies."