



Escambia pursues bed tax suit vs. online travel sites

Counties ask appeals court for hearing to collect on service fees

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Escambia and 16 other Florida counties that say they are being shortchanged by online travel companies suffered a legal setback last month and now are asking the 1st District Court of Appeal in Tallahassee for another chance to prove their case.

The lawsuit — originally filed by Leon County in 2009 against Expedia, Orbitz, Hotwire and other online travel companies — says the counties have not been paid for millions of dollars in uncollected local tourist development taxes.

The law firm representing Escambia estimates the county is owed about \$500,000, not counting any tax penalties and interest, said Alison Rogers, the county attorney.

In short, the counties argue that the fees online travel companies charge customers to book rooms at motels and hotels are subject to local taxes.

The counties lost the case in Leon County, and last month a three-judge appeal panel for the 1st District again sided with the online travel companies.

“We find that the additional sums of money earned by the companies are not taxable,” the appeal panel said.

“ ... It is for the Legislature, and not the judiciary, to decide whether to apply the tax to the full amount that the companies charge their customers who utilize their [website](#) to obtain a [hotel reservation](#).”

On Friday, the counties filed a motion asking for a rehearing in front of the entire 15-judge court.

In Nov. 2009, the Escambia County Commission unanimously voted to join the suit and to hire the Tallahassee-based law firm Nabors, Giblin & Nickerson to represent the county on a contingency basis, which means they will only be paid if Escambia and the other counties ultimately win the suit.

Travel companies allow customers to view hotels, [compare rates](#) and book rooms. If a consumer makes a reservation request through the travel companies, that company then submits a request to the specific hotel.

If the hotel accepts the reservation, the online travel company charges the customer directly and sends a portion of the payment to the hotel and keeps the rest.

For example, an online travel company might charge a customer \$100 to book the room but only passes on \$75 to the hotel.

The counties argue the difference between the money the travel companies sent to the hotel and the total money the companies charge is subject to tourist development taxes, commonly called a “bed tax,” levied on hotel and motel room rentals.

The Escambia County Commission will discuss the case during their meeting Thursday.