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## Expedia, Orbitz and other Travel Sites Receiving Bills from Miami-Dade County for Unpaid Hotel Taxes

Travel Sites Continue to Reject the County's Reasoning and Math in Claiming the Back Taxes

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Miami-Dade County claims Expedia, Orbitz and other travel websites owe nearly \$10 million in unpaid hotel taxes. And for the first time, the county is trying to collect.

The round of bills Miami-Dade has sent to online travel companies puts the county at the center of a growing nationwide fight as governments attempt to expand their taxing authority over the sites.

Experts say it's the first time a government has billed the sites for uncollected hotel taxes, though more than two dozen jurisdictions -- including Miami-Dade -- have sued to get the money in the past three years.

Hotel taxes fund a long list of facilities and services, including the Greater Miami tourism bureau and the Carnival Center for the Performing Arts. According to county figures, the uncollected revenues from travel sites would add about 3 percent to the hotel tax coffers.

The dispute in Miami-Dade and elsewhere centers on the spread between what hotels charge online sites for rooms and what travelers end up paying for them. And it illuminates the economics underlying one of the most popular uses of the Internet: booking vacations.

While travelers pay full price, Expedia and the other sites typically secure the rooms at wholesale rates and then add a markup -- usually about 20 percent. The online travel industry considers the markup a service fee, while tax collectors see it as part of the room rent.

"It's been a hot topic for several years," said Georgia Zdanowicz, hotel tax collector for Broward County, which also has considered filing suit against the sites. "It's a major issue."

Miami-Dade adds six cents in hotel taxes to every dollar of room rent; Broward adds five cents.

This is the first time Miami-Dade has attached detailed dollar figures to its complaints that travel sites are evading taxes on hotel rooms.

An industry group representing the travel sites blasted Miami-Dade for making the alleged tax amounts public, saying such financial information should remain confidential. And an industry spokesman rejected the county's reasoning and math in claiming the back taxes.

"The fees they're trying to tax aren't for hotel rooms," said Art Sackler, executive director of Interactive Travel Services Association. "Their estimates are way off, anyway -- way off."

Miami-Dade's move follows a legal setback and appears designed to let the county continue its courtroom fight with the sites. In January, a judge said Miami-Dade shouldn't have sued over hotel taxes without first trying to collect through the normal procedure.

"The judge wanted us to jump through a few more hoops," County Attorney Murray Greenberg said. "He read the statute to require [that] a bill goes out first." So the bills went out, in late March.

The county sent tax assessments to 18 travel companies, including Expedia (\$4.4 million) Orbitz (\$1.1 million) and Hotel.com (\$1.1 million), according to a spreadsheet from Miami-Dade's interim tax collector, Fernando Casamayor.

He said a small group of staffers spent a month contacting hotels to estimate how much revenue the online travel sites are generating in Miami-Dade. But several companies were billed the same amounts, and Casamayor told Travel Weekly, which disclosed the Miami-Dade bills this week, that the figures represented "big, giant guess estimates."

The \$9.7 million amounts to about 3 percent of the \$262 million in hotel taxes Miami-Dade has collected since 2002 -- or about \$1.8 million a year. That would have covered this year's hotel-tax subsidies for the Miami Museum of Science (\$527,000), Miami Art Museum (\$641,000) and the Historical Museum of Southern Florida (\$552,000).