



Guest opinion: Online travel firms should pay state taxes like Montana businesses do

[By Dan Bucks](#) The Billings Gazette | Friday, November 19, 2010

When the governor hired me to run the Montana Revenue Department, he said follow a simple rule: Don't abide tax cheats, especially out-of-state corporations. If they owe taxes, make sure they pay them.

Last week we sued Travelocity, Priceline, Orbitz, Expedia and a few other billion-dollar online travel companies for cheating the state out of millions of dollars. Montana has a 7 percent surcharge on all hotel rooms and other lodging, creating special revenue that helps promote Montana as a tourist destination. In this way, tourists come here, pay a modest tax on their hotel room, and thus help us advertise Montana as a world-class travel destination. This vital program has been a booming success for our tourism industry.

We believe that Travelocity, Priceline, Orbitz and Expedia have been collecting this tax from Montana visitors, but keeping a part of it for themselves and shortchanging us. We don't know for sure what they are doing because they won't show us their books. That's why we've sued them. They are being sued elsewhere, successfully. A jury in Texas recently ruled that Travelocity owed \$20 million in unpaid taxes.

Amusingly, Travelocity says it should be let off the hook because it "promotes Montana" on its website, and because it gave a \$10,000 donation to the Butte Folk Festival and another to the Magic City Blues Festival (they did these things, mind you, when they got wind of our intent to ask them to pay their unpaid taxes). Sorry, but these small gestures, while appreciated, cannot be a way to wiggle out of a multi-million dollar tax bill.

Finally, you will probably not be surprised to hear that Congress is getting heavy pressure from these online travel companies to pass a law that would give them total amnesty from the taxes they owe us. The online travel industry has greased the wheels with massive campaign contributions to key senators and congressmen. And their lobbying arm, the Interactive Travel Services Association, has been in Montana lately, spreading misinformation about this issue.

Hopefully such a preemption of states' rights will not make it through Congress. The Montana Innkeepers' Association, which represents Montana hotel owners, strongly opposes such a federal law. Maybe that's because they heard that the chairman of Expedia (and IAC/InterActiveCorp) was paid over \$1.14 billion over the past decade, including \$156 million in a single recent year — the second-highest-paid executive in the decade.

You might be able to buy Congress, but in Montana we don't abide out-of-state tax cheats. Travelocity, Orbitz, Expedia, Priceline have to pay their taxes like everyone else.

Dan Bucks was appointed by Gov. Brian Schweitzer as

director of the Montana

Department of Revenue.