

TRAVELERS TODAY

Illinois Municipalities Sue Online Travel Companies Priceline, Expedia and Travelocity for Tax Evasion

TRAVELERS TODAY BY [MAXINE WALLY](#)

Apr 09, 2013



Warrenville, Illinois is one of the towns suing online travel agencies for participating in alleged tax evasion.(Photo : Courtesy of Marriott.com)

A few communities in Southland, Illinois are suing online travel agencies including Priceline, Expedia and Travelocity for not handing over proper hotel occupancy taxes.

However, in the lawsuit filed Friday, the websites maintain they forked up as much as they should. The sites buy from hotels at wholesale price and advertise certain rates at a retail price, which the customer pays. After purchase, sites kick the hotel back the wholesale price and pocket the rest.

The argument is over whether or not online travel agencies should have to pay taxes on hotel room rates at the lower wholesale or higher retail price.

The communities claim they are owed the full amount on hotel taxes, but because the travel companies say they charge a fee for their services that doesn't go toward lodging, it should not be counted as a hotel occupancy tax.

"This is an effort to collect taxes that have not been paid," Tom Prindable, managing partner of Chicago-based Clifford Law Offices told the Chicago Tribune, calling travel companies' conduct "outrageous."

Clifford Law Offices will be just one of the four law firms representing the municipalities in this suit.

The communities party to the litigation include Warrenville, Bedford Park, Oakbrook Terrace, Oak Lawn, Orland Hills, Rockford and Willowbrook, where hotels like the Marriott, Hyatt and Candlewood Suites house locals and out-of-towners.

Robin Reck, spokeswoman for the Travel Technology Association says efforts are usually in vain on cases like these.

"The bottom line is that the vast majority of these cases are consistently being won by the online travel companies," she stated. "It is a huge waste of taxpayer dollars to invest in this fruitless litigation, which, even if successful, ends up hurting tourism and thereby revenue."

Lawyers claim it will be difficult to figure out just how much money is owed to these communities without calculating the total number of rooms rented out, but they hope to find out these details through research.