



Online Travel Agencies skipping out on paying bigger tax bill

Jan 12, 2012

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MYRTLE BEACH, SC (WMBF) Tourists have options as far as how to book their hotels when they come to the beach. They can either call the front desk, or they can go through an online agency. But when tourists pay for rooms through online travel agencies, the state found those agencies weren't paying as much as they should in state taxes.

The South Carolina Hospitality Association (SCHA) says this is what was happening before: Online travel agencies were purchasing rooms from local hotels at a wholesale price, and then agencies would mark up the price to sell to tourists. But the state found the agencies were getting out of paying as much as they should, as they weren't paying state taxes on the marked up retail price, only the lower wholesale price. This makes it harder for the local businesses in our area, since hotels are required to pay state taxes on the price of the rooms it sells to tourists.

Which means local hotels were paying more out of their pocket. Some local hotel managers say it's only fair that everyone pay up. "It's just, if we're going to set a tax rate," said hotel manager Steve Chapman. "Whatever it may be lower or higher, let's agree that everybody pays that. Not that a portion of the businesses here in the community pay it and the others do not."

The SCHA says about 10 percent of the hotel rooms in Myrtle Beach are booked through online travel agencies. But how much these agencies aren't paying in taxes translates to millions of dollars owed to the state. And these missing millions then trickle down to the counties. Horry County uses state accommodations tax money to improve what draws the tourists here. Part of the money goes to the beach renourishment fund, beach public safety and for tourism promotion. It also affects the tax money coming in to repair roads.

Online companies help bring in more tourists to the area to use these things, but have not been paying the full taxes on the full rates charged to tourists. This is something the state is working to collect on right now, since more travelers are using these agencies to spend their money. "Absolutely," said winter resident Betty Hartman. "I think more and more people are going online. It's anytime day or night. It's just very easy to use and I do think it's less expensive than sometimes dealing directly with hotel chains."

The state is collecting the first payment from online travel agencies. The SCHA says since our area is big on tourism, Horry County should be expecting a cut. The state allocates money quarterly, so we'll know just how big of a check it will be in the spring.