

Opinion

Online hotel taxes

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Regular travelers have learned how convenient Internet travel sites can be. They can book their rooms, pay ahead and often get outstanding discounts.

But those same travelers should also have to pay any local taxes associated with their room stays. And whether they will has become the latest point of contention between the Department of Revenue and an Internet industry.

When Gov. Bev Perdue signed the budget on June 30, a new state law regarding hotel and motel taxes went into effect. Online room-booking websites are now liable for the tax and any sales taxes, too. Previous law, written before the rise of online agencies, did not make that clear.

On some websites, the booking agency makes it clear to the traveler that local taxes may be collected at check in. In those cases, everything should be fair and square so long as the online agency tells the motel how much they sold the room for. That's not always the case.

There are negatives to this system, however. The traveler is sometimes surprised to learn that more money is due at check-in, and the booking agencies prefer to market with the guarantee that there are no extra charges.

The new law should settle this issue. It specifically says that the online agency is responsible for both charging the tax and then remitting that revenue to the hotel or motel operator. The lines of responsibility are now clear.

This one change in law is likely to increase hotel and motel tax collections by \$4 million or more, an industry spokesman said.

A spokesman for the online booking industry was not happy with the law. He told *The Star-News* of Wilmington that it would have a "chilling effect" on North Carolina tourism. He must have been getting his talking points from the Internet catalog-sales industry. It doesn't like to collect and pay taxes, either.

But the bottom line for both industries is that they warrant no special treatment. Everyone pays taxes. Every Main Street merchant collects sales taxes. Joe's Motel collects the appropriate taxes when guests check in without using the Internet. The Internet companies bear the same responsibility as other merchants.

There is another interesting issue raised here. If online booking agencies have not been remitting sales and motel taxes, they may have been committing fraud. Many of the sites indicate a nightly room charge and then a total cost for all nights stayed and appropriate taxes.

If they are collecting the tax and keeping it, someone should be booking rooms for them in Central Prison.