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Online travel companies, hoteliers at odds

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SARASOTA -- A bill on Capitol Hill stands to further divide hoteliers and online travel companies over the ongoing issue of hotel tax collections.

The Internet Travel Tax Fairness Act proposes that online travel companies such as Expedia, Orbitz and Travelocity either continue to pay hotel taxes at the discounted wholesale rate they currently pay or be exempt from the hotel tax all together.

Should lawmakers go with the latter option, the tax liability owed to local municipalities could be placed on hoteliers, said Marlene Colucci, executive vice president of public policy for the American Hotel and Lodging Association.

Colucci briefed local tourism professionals and students of the University of South Florida Sarasota-Manatee's School of Hotel and Restaurant Management on the ongoing industry issue.

About 50 lawsuits have been filed nationwide between local municipalities and online travel companies over the issue of hotel taxes.

Local municipalities -- including Manatee County -- say they're losing out on the taxes tourists pay each night they stay in a hotel or tourism property when tourists book through online travel companies.

Currently, hotels offer rooms at a discounted, wholesale rate to online travel agencies who list and market the property. The online travel agency pays hotel taxes based on the discounted rate, but sells the room at a marked up retail rate to the customer and keeps the profit.

"We value very much online travel companies," said James McManemon, general manager of The Ritz-Carlton, Sarasota. "We partner with them and they have great services. But they have to pick up their share."

"We're opposed to that legislation," McManemon added. "We're against them having a special advantage of not having to pay."

Andrew Weinstein, spokesman for the Interactive Travel Services Association, argues that the online travel agencies are looking to avoid additional taxes and fees.

Weinstein says the increased retail rate sites such as Orbitz charge includes facilitation fees, which pays for marketing, listing and packaging the room with other deals such as airline and car reservations.

USF student Katie Holmes plans to study the issue more as she moves into the hospitality industry.

Holmes graduates in May from the School of Hotel and Restaurant Management and is starting a new job this week at the Hilton Garden Inn in Sarasota.

"The Internet Travel Tax Act is a real eye opener to me," Holmes said. "It doesn't make sense to me that they (online travel companies) possibly wouldn't have to pay."