



# Online travel companies to pay nearly \$2 million to Palm Beach County in hotel tax dispute

January 30, 2012 | By Doreen Hemlock, Sun Sentinel

**Palm Beach County** reached a settlement with online travel companies including Expedia to pay nearly \$2 million in a dispute over taxes on hotel stays, a top official announced Monday.

The county had sued the online companies in 2009 to pay "bed tax" on the higher retail value that customers pay for hotel rooms, not the lower wholesale value that the companies pay to hotels.

The settlement does not change the way the companies compute their taxes, and the companies admit no liability for tax payments, the **Palm Beach County** official said.

The Florida Legislature continues to debate how online companies should compute the tax. Other counties, including Broward, have similar suits pending against the Internet companies.

Anne Gannon, constitutional tax collector for **Palm Beach County**, said the settlement represents 100 percent of the bed tax difference owed the county through 2011, plus 2 percent interest.

That's the best agreement reached so far by any Florida county in the long-running dispute, she said.

The settlement came after days of mediation. Gannon said the online companies started talks offering to pay about \$30,000, but she dug in for the full amount owed, interest and penalties for non-payment.

Gannon said the agreement gives the Legislature two years to decide how companies should compute the bed tax. If no law is forthcoming after two years, **Palm Beach County** will proceed with their suit against the companies, she said.

Orange County reached an agreement with Expedia last September for an amount substantially less than what it sought in a 2006 lawsuit, officials familiar with the deal told the Orlando Sentinel. Orange County still has suits pending with other online companies.

County governments have turned to the courts to resolve the dispute and boost their sagging tax collections — with mixed results. A judge in Orange County last year ruled in favor of the online companies.

Counties argue that the travel companies including Orbitz, Travelocity and Expedia buy blocks of rooms from hotels at a wholesale price but should pay bed tax on the higher retail rate that they charge travelers.

The companies say they're intermediaries and not subject to retail tax rates. They say they charge consumers more for hotel rooms because of the online services they provide.

Counties generally use bed tax collections to help promote tourism and finance tourism-related facilities.

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