

# Express-News



## **S.A. awaits payout from hotel tax suit** **City could receive millions from online booking firms.**

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San Antonio and 172 other Texas cities may learn later this month how much each will get from a \$20 million verdict in a lawsuit that accused major online travel companies of pocketing hotel occupancy taxes.

Lawyers in the case told U.S. District Judge Orlando Garcia at a hearing Wednesday that they also expect to know within three weeks how much the firms owe in unpaid taxes accrued since the October 2009 verdict. Once that is calculated, Garcia will enter a judgment, which would allow the firms to either appeal or comply.

San Antonio sued in 2006 and stands to collect the most. The suit later was joined by other Texas cities.

On Friday, Garcia entered post-trial “findings of fact and conclusions of law,” saying the companies are obligated under the cities' hotel tax ordinances to collect and pay hotel occupancy taxes on the total amount that hotel guests pay for rooms.

The online travel companies have remitted taxes on the lower “wholesale” rate that they pay hotels for the right to sell rooms rather than the higher “retail” rate that online travel companies charged hotel guests. As a result of this practice, Garcia found that “virtually every transaction resulted in underpayment of the hotel occupancy tax.”

Garcia also found that the cities were entitled to additional actual damages that have continued to accrue since the verdict, plus penalties and interest.

The judge ordered the companies to devise a system within six months from the date a judgment is entered in order to report the amount of hotel occupancy taxes that are paid to individual cities in the future.

At trial, the jury deliberated over two days before returning a verdict that found 11 companies liable for underpaying taxes. But the jury declined the city's request to impose \$40 million in punitive damages.

In similar cases around the country, the firms have beaten lawsuits filed by cities.

The defendants include the operators of Expedia.com, Hotels.com, Hotwire.com, Lodging.com, Priceline.com, Travelocity.com, Orbitz.com, Site59.com and others. The Expedia family of companies — Expedia.com, Hotels.com and Hotwire.com — were found responsible for roughly 70 percent of the jury award.