



**Gov. suspects Internet sites not paying Montana's full lodging tax**

## **Schweitzer Sends Revenuers After More Out-of-State Firms**

By [Matt Gouras, Associated Press](#), 08-30-10

HELENA – Gov. Brian Schweitzer said Monday he is sending the state revenuers after online travel booking sites and out-of-state oil lease traders he suspects may be shirking their Montana taxes.

It is the latest in a string of moves by Schweitzer to crack down on tax cheats, mostly from out of state. His Department of Revenue was recently credited with a big increase in audit collections with more stringent enforcement of nonresidents.

Schweitzer said he now wants the agency to look at the Internet sites that book hotel rooms because he suspects they are not paying Montana's full lodging tax. He said other state and local governments have had success proving the large companies are not paying all the lodging tax, which is 7 percent of a room's cost in Montana.

Montana collects about \$30 million with the tax, and the governor said increasingly the business is going through Internet booking agents. He believes a few million more could be collected with stricter compliance.

"This is another way of collecting this money from out-of-state companies that owe the money," Schweitzer said.

Hotels and motels in the state always pay the tax, Schweitzer said.

The governor said that the Internet booking companies can pay a reduced amount to the hotel owner, which is taxed. But then they will resell it to consumers over the Internet for a higher amount, and skip paying the tax on that larger portion.

The Revenue Department said it is going to send letters seeking voluntary enforcement.

The governor said he also suspects nonresidents who package and trade Montana oil leases have not been paying income tax on profits they make on those transactions. The agency will be looking at ways to track the deals.

"We don't have any way of following the plays as they are peddled," Schweitzer said. "It is millions of dollars that is slipping through our hands."

The Revenue Department announced earlier this month that a multiyear effort to find those not paying other taxes, mostly nonresidents and out-of-state corporations, led to a record \$80 million in audit collections.

Schweitzer has said the goal is to increase tax collections without raising taxes.