



Legislation Text

File #: 14-0329, **Version:** 1

TITLE:

Online Travel Companies and Occupancy Taxes

PURPOSE: The purpose of this agenda item is to consider adoption of an agreement between Orange County and other municipalities regarding payment of room occupancy taxes when travelers make reservations and payments for accommodations via online travel companies.

DEPARTMENT: Town Manager and Finance

CONTACT INFORMATION: David Andrews, 918-7315; Arche McAdoo, 918-7439

INFORMATION: Some travelers make hotel room accommodations through online travel companies (OTC), such as Expedia, Orbitz and Travelocity. The OTC's, however, have not been collecting and remitting room occupancy taxes to Orange County and municipalities within Orange County. Based on past litigation and other settlements in North Carolina, Orange County has proposed the attached agreement between the County and the Towns of Chapel Hill, Carrboro and Hillsborough to collect occupancy taxes from OTC's. Under this agreement, the OTC's will elect either to pay directly, or pay partially and have the local hotel (accommodation provider) pay the remainder; or not pay at all and have the entire responsibility for payment of the occupancy tax fall on the accommodation provider. The OTC's will notify jurisdictions in advance of the option they select.

FISCAL & STAFF IMPACT: The cost of entering into this agreement will not result in any direct costs to the Town. Some additional occupancy tax revenues are expected; however, it is difficult to estimate the dollar amount of the additional revenues.

RECOMMENDATION: That the Board of Aldermen adopt the attached agreement to collect room occupancy taxes from online travel companies.