



**ANNE M. GANNON**  
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*Serving Palm Beach County*

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# **PRESS RELEASE**

## **FOR IMMEDIATE RELEASE**

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**GANNON SUCCESSFULLY RECOVERS OVER \$1.9 MILLION**

**SETTLEMENT FROM LITIGATION AGAINST ONLINE TRAVEL COMPANIES**

West Palm Beach, FL - - - Anne M. Gannon, Constitutional Tax Collector for Palm Beach County, reached a significant settlement agreement with major Online Travel Companies (OTC), also referred to as Third Party Intermediaries. Defendants include Expedia, Orbitz, Priceline and Travelocity. Defendants agreed to collectively pay the county over \$1.9 million in uncollected Tourist Development Tax aka "bed tax".

Gannon filed suit against OTCs in the Palm Beach County Circuit Court in July, 2009. The suit alleged the OTCs did not pay the county's tourist development tax as authorized by Fla. Statute 125.0104 and County Code 17-111. A "bed tax" of 5 cents per dollar is levied on all Palm Beach County hotel stays for a period of 6 months or less.

"This is great news for our county," said Gannon. "Our county has realized serious reductions in property values which have impacted the amount of revenues collected and services provided to our citizens." Revenue derived from bed tax collections is used to promote Palm Beach County tourism, fund cultural programs and beach restoration. Tourism is a major industry of the county and Florida.

The settlement is not an admission of liability by the OTCs that they are subject to the "bed tax". If the Florida legislature does not pass legislation in the two year period, litigation by Gannon against the OTC's regarding their liability for the "bed tax" may begin again.

The chart at the end of the release describes the process OTCs use to book and remit bed taxes to Florida counties. Central to the dispute over OTC bed tax payment is the issue of how OTCs calculate state and local hotel bed taxes. The Commission Model is when a guest pays the retail room rate to the hotel, and the hotel pays a commission for bookings secured OTCs. The bed tax is calculated on the retail room rate and has the same taxes paid as rooms sold directly by hotels. The hotel remits the bed tax on the full retail amount to the tax collector.

Gannon's legal team includes Palm Beach County attorneys Jeff Liggio, Esq., Lou Silber, Esq., and John Romano, Esq. Liggio, lead attorney for Gannon, says "This litigation in Palm Beach County is similar to litigation against the OTC's elsewhere in Florida and throughout the nation."

Numerous other counties in Florida have filed suits including Broward, Flagler, Leon, Manatee, Pinellas, Polk, Nassau, St. Johns, Alachua, Escambia, Charlotte, Hillsborough, Pasco and Volusia.

Once again, competing legislation has been filed for the 2012 legislative session over how the bed tax is calculated and/or has the potential for exempting OTCs from any payment of bed tax to counties in Florida.

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