

MAYOR CITY CNCL CITY ATTNY CRIM MCKAMIE BROWN YOUNG ANIMAL CNTR  
McDONALD COLLINS C. BARKER GETCHELL LIBRARY ADMIN LIBRARY REF

DATE DISTRIBUTED \_\_\_\_\_

DATE OF ARTICLE 11/3/09 NEWSPAPER FWST

## HOTEL TAXES

# Texas cities are owed \$20 million, federal jury says

The cities sued online hotel booking companies over occupancy taxes.

By **SUSAN SCHROCK** [sschrock@star-telegram.com](mailto:sschrock@star-telegram.com)

A jury has awarded \$20 million to Fort Worth, Dallas, Grapevine and more than 170 other Texas cities as part of a federal class-action lawsuit against online hotel booking companies accused of pocketing hotel occupancy taxes as profit.

Numerous North Texas cities participated in the lawsuit, first filed by San Antonio in 2006, to collect tourism tax revenue that they said was underpaid by Internet hotel room wholesalers.

According to the lawsuit, heard in San Antonio, booking companies such as Expedia.com, Hotels.com, Priceline.com and Southlake-based Travelocity have paid cities hotel occupancy taxes based only on the wholesale rates they had negotiated with the hotels rather than the retail rates customers paid when they booked online.

For instance, if the companies booked a block of rooms at \$75 a night and resold them for \$100 a night, they paid taxes only on the lower rate.

"The companies ignored the Texas comptroller's rulings that go back to 2002 that clearly tell them they must remit the hotel occupancy taxes based on the price they charge customers for hotel rooms that they sell in Texas," said Steve Wolens, lead trial attorney for the cities.

Fort Worth stands to gain millions of dollars and is one of the top cities owed money, behind San Antonio, Dallas and Austin, said Wolens, of national law firm McKool Smith. Other North Texas cities in the suit include Mansfield, Hurst, Euless, Bedford, Grand Prairie and Irving.

## 'We can always use it'

The verdict was a rare bit of good financial news for Fort Worth. The city slashed its budget this year to make up for a downturn in tax revenue. Dozens of positions have been cut, and most employees will have to take eight unpaid furlough days this year.

Assistant City Manager Karen Montgomery said she hadn't heard of the case but was happy about the verdict. "We can always use it," she said.

There are restrictions on how cities can spend hotel occupancy tax revenue; it can't be used to offset a drop in general tax funds, for example, she said.

Cities use such revenue for infra-

"We will be darn sure in the future that that we're going to get paid what we should."

**Jay Doegey**, Arlington city attorney

structure and initiatives that promote tourism and the convention and hotel industry, such as convention centers, sports stadiums and arts programs.

Fort Worth, which collected \$17.1 million in hotel occupancy taxes in fiscal 2008, used some of the revenue for incentives on the new Omni Fort Worth Hotel.

"It's important money during these tough economic times. But taxes are taxes whether the economy is flying high or sinking low. These are taxes they were obligated to collect and remit," Wolens said. "They were pocketing the difference."

## Tougher ordinance

The jury reached its verdict, which could rise with statutory penalties and interest, on Friday after a four-week trial in the U.S. District Court for the Western District of Texas. Wolens expects the verdict to be appealed, and at least 45 similar cases are being litigated nationwide, he said.

Arlington did not participate in the

class action lawsuit, but the City Council is expected to vote today to toughen its ordinance on hotel occupancy tax collections in light of the litigation. Part of Arlington's hotel occupancy tax revenue is being used to pay back the city's portion of the \$1.2 billion Cowboys Stadium.

"We're not going to get anything from the past," Arlington City Attorney Jay Doegey said. "We will be darn sure in the future that that we're going to get paid what we should be paid."

Staff writer Mike Lee contributed to this report, which includes material from the Star-Telegram archives.

**SUSAN SCHROCK**, 817-390-7639

DISTRIBUTED TO:

PAGE 1 OF 1

MAYOR CITY CNCL CITY ATTN Y CRIM MCKAMIE BROWN YOUNG ANIMAL CNTR  
McDONALD COLLINS C. BARKER GETCHELL LIBRARY ADMIN LIBRARY REF

DATE DISTRIBUTED \_\_\_\_\_ DATE OF ARTICLE 11/4/09 NEWSPAPER FWST

## BRIEFS

### **Woman in ramming case ruled incompetent**

**FORT WORTH** — A woman accused of ramming her car twice into a Euless police car in September has been found incompetent to stand trial, according to Tarrant County criminal court records. Rosemarie Adams, 28, of Euless will be taken to a state mental hospital for treatment, court officials said Tuesday. When doctors determine that she is competent, Adams will be returned to Tarrant County to face a charge of aggravated assault on a public servant, court officials said. The incompetency ruling was returned Friday in Criminal District Court No. 372. The police officer involved reported that about 2 p.m. Sept. 26, he was taking an exit off Airport Freeway when he heard a car revving its engine behind him and then he felt the back of his car rise. The car was then hit again, he said. Adams was not intoxicated and did not know the officer, investigators reported.

— Domingo Ramirez Jr.

MAYOR CITY CNCL CITY ATTNY CRIM MCKAMIE BROWN YOUNG ANIMAL CNTR  
McDONALD COLLINS C. BARKER GETCHELL LIBRARY ADMIN LIBRARY REFDATE DISTRIBUTED \_\_\_\_\_ DATE OF ARTICLE 11/5/09 NEWSPAPER FWST

## TRANSPORTATION

# Airport Freeway project OK frees up right of way

**State officials and private developers hope to break ground on the Texas 121/183 and Loop 820 expansion in late 2010.**

By **GORDON DICKSON**  
gdickson@star-telegram.com

The proposed expansion of Texas 121/183 in Bedford, Euless, Hurst and Irving has been given environmental clearance by the Federal Highway Administration.

The approval makes it possible for the Texas Transportation Department to begin buying right of way — bringing closure to dozens of homeowners in the Hurst area who have known for much of the past two decades that their property was in the way of progress but couldn't sell it.

"The process to acquire right of way has already begun. People are being contacted," project spokesman Robert Hinkle said, adding that

most of the 340 parcels needed for the expansion are commercial. "That process will continue over a period of about 24 months. The first offers are probably not going to be made until early 2010."

The Transportation Department may also now sign closing documents with NTE Mobility Partners, a private development group that plans to rebuild Airport Freeway with toll and nontoll lanes.

The project is known collectively as North Tarrant Express and is expected to cost \$2 billion overall, with gas tax dollars covering about \$570 million and private investment covering the rest. Work could start in late 2010.

NTE Mobility Partners, led by the U.S. arm of Spain-based Cintra, has signed an agreement to develop a master plan for the area, oversee the first phase of construction and collect tolls for up to 52 years.

North Tarrant Express also

includes the proposed expansion of Northeast Loop 820 in Haltom City and North Richland Hills — and eventually expansion of Interstate 35W in far north Fort Worth.

The part of the project cleared by the FHA last week includes Texas 121/183 from North East Mall in Hurst to Texas 161 in Irving. The federal document is known as a finding of no significant impact, which demonstrates that local officials have properly thought through all of the ecological consequences, noise and other effects.

The first phase of North Tarrant Express includes rebuilding lanes and adding toll lanes on Northeast Loop 820 from I-35W to North East Mall, and on Airport Freeway from North East Mall to the Texas 121/183 split in Bedford.

More nontoll lanes would be added by 2030.

GORDON DICKSON, 817-390-7796