

Bond Case Briefs

Municipal Finance Law Since 1971

TAX - NEW YORK

Expedia, Inc. v. City of New York Dept. of Finance

Court of Appeals of New York - November 21, 2013 - N.E.2d - 2013 N.Y. Slip Op. 07759

Taxpayers, on-line travel intermediaries that facilitated hotel room reservations, brought suit seeking declaration that expansion of city's tax on hotel occupants to fees earned by them was unconstitutional. The Supreme Court, New York County, dismissed claim and taxpayers appealed. The Supreme Court, Appellate Division, that tax violated state constitution. City appealed.

The Court of Appeals upheld the tax expansion, finding that city properly exercised broad authority conveyed by plain language of enabling statute.

Plain language of enabling statute authorized city to impose "a tax . . . such as the Legislature has or would have the power and authority to impose on persons occupying hotel rooms in [the] city," and city properly exercised this broad authority when it enacted local law to expand city's tax on hotel occupants to fees earned by on-line travel intermediaries that facilitated hotel room reservations. By its terms, statute extended taxing power to city coextensive with that of state and permitted broad range of taxation on any "rent or charge" paid to hotel owner or "person entitled to be paid the rent or charge," and local law imposed tax within those limitations on charges paid to intermediaries.