OFFICE OF THE CITY MANAGER
LITTLE ROCK, ARKANSAS

BOARD OF DIRECTORS COMMUNICATION
NOVEMBER 5, 2018 AGENDA

Subject:	Action Required:	Approved By:
A resolution to approve an agreement with Thrash Law Firm, P.A., and others, to represent the City of Little Rock, Arkansas, in litigation on gross receipts tax for the internet rental of hotel rooms	Ordinance √ **Resolution**	Bruce T. Moore City Manager

SYNOPSIS	To authorize an agreement between the City and Thrash Law Offices on collection efforts of Internet Hotel Booking Tax Receipts.
FISCAL IMPACT	None. However, if successful, the City will receive an undetermined amount of revenue from any judgment.
RECOMMENDATION	Approval of the resolution.
BACKGROUND	An issue that has been litigated throughout the country is whether a local government is entitled to certain tax proceeds for the rental of a hotel room via the Internet. Essentially, the question is whether the tax to which the municipality is entitled is based upon the rate for which the room is rented, or the amount which is actually paid to the hotel. For example, if a room rate is normally $150.00 a night, is booked through Hotels.com for $100.00 a night, but actually cost Hotels.com only $50.00 per night, upon which amount should the tax be based. The Internet companies suggest $50.00; the question is which of the other two (2) rates should apply.

BACKGROUND CONTINUED

The Trash Law Firm, P.A., filed a class action in the Jefferson Circuit Court entitled *Pine Bluff Advertising & Promotion Commission, et al v. Hotels.Com, LP, et al,* No. 2009-946-5. Although all litigation is not completed, Tom Thrash won a judgment on behalf of local governments. Now the matter moves to a damages phase.

Because of the nature of the lawsuit, the fees will be paid from any recovery. This resolution authorizes the Mayor to engage the Thrash Law Firm, and its associated law firms, to represent the City's interest, make any necessary claims, and obtain any judgment portion to which the City is entitled.