

The Web, The City and Business in Orange Beach

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Imagine sitting in an office overlooking the Gulf-of-Mexico taking reservations from your website, booking vacation rentals for condos, houses and charters, answering the phone, checking guests in, depending on the Internet to keep your business going.

Web applications, like Airbnb, VRBO, Uber and Lyft, specifically written to streamline the interaction between businesses and vacationers are useful. Governments seek to collect tax, “improving the economic development and quality of life for a community,” according to the Salmon Valley Business and Innovation Center. Resolving this relationship is complicated.

Hurricane Irma offered proof for hoteliers and restaurateurs. Being able to respond to changing market conditions is vital. “An estimated 250,000 evacuees arrived into Alabama from Florida as Hurricane Irma bore down on the Sunshine State,” wrote John Sharp in [AL.com](#). Evacuees were able to book rooms, make dinner reservations, or find a shelter with their smartphones or tablets, evacuating west on I-10.

Any person with an Internet connection and a credit card can book a hotel room, charter a yacht or purchase goods from the far corners of the planet. When I buy olive oil from Amazon, I am charged tax, assessing the point of sale as Orange Beach, Alabama where the product is delivered. Not all Internet vendors are so obliging.

Orange Beach’s revenue has steadily increased since the recession (2009), 2011 - \$35.2 Million; 2012 - \$34.8 Million; 2013 - \$43.5 Million; 2014 - \$40.3 Million; 2015 - \$47.1 Million; 2016 - \$48.6 Million, according to Audited Financial Documents on the website, [cityoforangebeach.com](#).

Internet is so prevalent in our lives, booking and purchasing online. How can government ensure the people of Orange Beach are getting every cent they are due from online-vacation rentals, or ride sharing services that process credit cards over the Internet? I guess we will just have to trust providers to report honestly, accepting we may have no way to audit Internet retailers.

Mark Zuckerberg (CEO Facebook) is determined to help grow the global community, according to his 6000-word letter on Facebook’s Global Ambitions. This is a utopian idea, assuming the global community will be in Facebook’s image, realizing their appetite for expansion could engulf our short-term rental market as well.

Competition already exists from online vendors like Expedia, Kayak, Airbnb and VRBO, booking vacation rentals in Orange Beach. Realtors, property developers and investors have no taste for slowing upward pressure on economic development. Orange

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Beach had a record-setting year in 2016 with \$49 Million in revenue less \$5 Million in debt payment versus \$30 Million in expenses, according to Ford Handley, Finance Director for the City of Orange Beach in an email.

Planning a way for Internet sales to flourish is important, as this is today's preferred method of doing business. Business owners with a physical location are at a disadvantage, as they must ensure payment for various business licenses, fees and building permits, obliging them to collect taxes for lodgings, sales, and build-out authorizations, perhaps remitting these online. Internet businesses have an advantage, being outside the jurisdiction, making it much harder for municipalities to collect tax revenue on Internet sales delivered locally.

For online sales, "UPS is expecting to deliver more than 30 million packages per day in the lead-up to Christmas. Over the entire holiday season, the company is expecting to handle shipments north of 700 million," according to USNews.com.

Brick and mortar stores may be in decline, "as the recent bankruptcies and closures of The Limited, American Apparel, Wet Seal, Aeropostale and Pacific Sunwear can attest," according to Forbes.com.

The pivotal points are about evolving into an online presence or to stay brick-and-mortar, being a difficult decision for the local-business owner.

Government on one hand needs to collect taxes from sales in the jurisdiction to pay for services, pitted against online entrepreneurship, selling locally but waving their finger at small-town officials from outside of the jurisdiction. When Internet vendors finally do step up and agree to pay taxes on sales that occur from today forward, we will never know how much money was left on the table over the past decade.

Some argue for streamlining government outside of the tax arena with web applications. These are pieces-of-code, allowing Fire, Police and citizens to report streetlight outages from their phone or tablet directly to Baldwin EMC, or potholes directly to Public Works without having to phone, getting re-directed from desk to desk, possibly having to leave a voice-mail after hours.

In the Internet era governments are online 24/7, leveraging the technology of well-constructed web applications, consolidating reporting by engaging citizens in the online process of telling City Hall about streetlight outages and potholes, delivering those electronic messages directly to the right desk, is a community-based solution.

We cannot solve tax avoidance in the global economy today, but we can use the resources we have, applying our sense of civic responsibility to collaborate on the smaller things, like reporting streetlight outages and potholes. Working together on our collective turf, making life a little less complicated.

ENDS.