



**Testimony of Andrew L. Kalloch, Public Policy, Airbnb**  
**Committee on General, Housing, and Military Affairs**  
**Vermont House of Representatives**  
**Concerning S.204**  
**Wednesday, March 28, 2018**

Good morning. My name is Andrew Kalloch and I work in Public Policy for Airbnb. Thank you for the opportunity to submit testimony concerning S.204, an act relating to the registration of short-term rentals.

**The Airbnb Community in Vermont**

Last year, Airbnb was proud to provide the Short-term Rental Working Group-- authorized by Section 6 of Act 76 of 2017-- with information about the Airbnb community in Vermont and the economic opportunity that home sharing is providing to hosts and businesses throughout the state.

Since that time, Airbnb has continued to grow in Vermont, with 3,900 hosts welcoming 232,000 inbound guest arrivals—a 76 percent rise from 2016. In addition, there were 109,000 outbound guest arrivals from Vermont, highlighting how many residents are using Airbnb to find unique, affordable accommodations domestically and abroad.

The vast majority of Green Mountain State hosts are middle class Vermonters who share their homes occasionally to pay for their mortgage, medicine, and student loans, or save money for retirement or a rainy day. In fact, last year, the typical host shared their home for two days a month, bringing in \$6,400 to help make ends meet. This highlights the fact that many Airbnb hosts in the state are not “full-time” commercial operators, but are instead renting their own homes on a part-time basis.

97 percent of revenue generated through Airbnb goes directly to our hosts, who plow it back into the local economy.

With Airbnb, visiting families can access an alternative way to travel — one that delivers economic benefits not only through the income earned by hosts, but also via the money guests spend at local businesses near their listings.

Airbnb not only provides supplemental income for families and an expanded market for businesses, but also generates tax revenue to support core public services in municipalities from coast to coast and around the world.

Since 2014, the company has signed voluntary collection agreements (VCA) with over 350 jurisdictions, including the State of Vermont and the City of Burlington. These VCAs have enabled us to collect and remit over \$500 million.

## **Trust and Security on Airbnb**

Airbnb's growth has been driven by investments in innovative tools that build trust and security by protecting hosts, guests, and neighbors:

- To prevent bad actors from ever accessing our platform in the first place, each and every Airbnb reservation is scored ahead of time for risk. We have a real-time detection system that uses machine learning and predictive analytics to instantly evaluate hundreds of signals to flag and then stop any suspicious activity. When we detect potentially concerning behavior, our team takes a range of actions, including removing a user from the platform entirely.
- While no background check system is infallible, we screen all hosts and guests globally against regulatory, terrorist, and sanctions watch lists. For United States residents, we also run background checks looking for prior felony convictions, sex offender registrations, and significant misdemeanors. We are working with additional governments around the world to identify where we can do more background checks.
- Each and every person on Airbnb has a profile page with important information about themselves and their home. In order to book or host, you must provide us a full name, date of birth, photo, phone number, payment information, and email address. Hosts can also require that guests provide Airbnb with a government ID before booking their listing, and then the host in turn is required to do so as well.
- Through the Airbnb platform, we also have a safe and easy way for guests and hosts to get to know each other directly before requesting or approving a reservation. Our secure on-platform messaging tool is there for both sides to ask each other questions before requesting or accepting a reservation and to set clear expectations — something we highly recommend doing. Additionally, our messaging tool helps hosts and guests stay in touch as needed throughout the trip to ensure everything goes well.

- Plus, we also have a global community for hosts and guests to rely on. If you're curious what previous guests have thought about your potential host or home or if you want to know what another host's experience has been with a prospective guest, all you need to do is check their reviews. Guests and hosts publicly review each other and only do so after the reservation is complete, so you know the feedback is informed and real.
- We run home safety workshops with hosts and local fire services to equip our community with the latest advice from leading experts. We also give out [free smoke and carbon monoxide detectors](#) to hosts and provide online safety cards containing important information —such as emergency phone numbers, locations of fire extinguishers, and fire alarms, as well as emergency exit routes—so guests know what to do if there is an emergency.
- Our secure platform ensures your money and personal information are protected. We take a number of measures to safeguard your Airbnb account, including using multi-factor authentication whenever a login is attempted from a new device.
- Fake or misrepresented users and listings have no place in our community, and we deploy a multilayer defense strategy to help ensure that these kind of scams are rare. All you need to do to protect yourself is to stay on our secure Airbnb platform throughout the entire process -- from communication, to booking, to payment. The good news is that these sorts of scams are rare, thanks in large part to the multilayer defense strategy we deploy to prevent bad actors from taking advantage of our community in the first place, leveraging sophisticated machine learning technology.
- In the rare event that any issue should arise, Airbnb's global Customer Service and Trust and Safety teams are on call 24 hours a day, 7 days a week, in 11 different languages to help make things right with rebooking assistance, as well as refunds, reimbursements, and insurance programs. If, for instance, you arrive at a listing and it's not as advertised, all you need to do is reach out to our team and we are here to help.
- Hosts can rest assured that they are protected by our [Million Dollar Host Guarantee](#), which covers listings for up to \$1,000,000 USD in damage -- and it's free for all hosts and every single booking.

There have been over 300 million guest arrivals in Airbnb listings to date. In 2017, there were more than 49 million trips at Airbnb listings worldwide. Significant property damage (claims that were reimbursed under our Host Guarantee program for over \$1,000) was reported to us only 0.004% of the time. At that rate, you could host a new reservation every single day for over 63 years without expecting to file a significant property damage claim under our Host Guarantee.

- Our [Host Protection Insurance](#) provides home sharing hosts with additional protection against third party claims of property damage or bodily injury up to \$1,000,000 USD.
- We want to do everything we can to help our community members be good neighbors in the places they too call home, which is why we launched our Neighbor Tool. Anyone can go to [airbnb.com/neighbors](https://airbnb.com/neighbors) to share specific concerns they might have about a listing in their community. Hosting is a big responsibility and those who repeatedly fail to meet our standards and expectations will be subject to suspension or removal.

### **Airbnb's Comments on S.204**

As the Short-term Rental Working Group report found, “States have primarily stayed out of the specifics of regulating short-term rental accommodations.”<sup>1</sup> While the Group did not reach consensus on all issues, it “universally favored legislation” akin to what Virginia passed last year, which enabled municipalities to regulate short-term rentals in a manner consistent with their communities.

Of course, as this committee knows, Vermont municipalities already enjoy such authority, with several towns-- Morrisville, Woodstock-- passing STR-specific regulations and many others regulating STR under existing codes.

S.204 goes far beyond the Virginia model, by requiring hosts to register with the state, rather than authorizing local governments to enact their own rules.

Airbnb does not categorically oppose such an approach, however there are several components of the bill that are particularly problematic and that should be amended prior to its passage.

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<sup>1</sup> <https://legislature.vermont.gov/assets/Legislative-Reports/2017-Act76-ShortTermRental.pdf>.

First, the bill would require hosts to post their registration number in any advertisement of an STR on an “Internet-based platform.” While several municipalities have imposed similar permit number requirements, none to our knowledge have imposed that requirement solely on Internet-based platforms. The differential requirement is particularly odd given that the bill would require all short-term rental hosts-- regardless of how they advertise-- to comply with the same registration requirements.

The Internet Tax Freedom Act (IFTA) prohibits state and local governments from imposing multiple or discriminatory taxes on electronic commerce.<sup>2</sup> While the permit number require does not violate the letter of IFTA, it does conflict with the spirit of the law, which is to prevent discrimination against e-commerce. We urge the committee to either eliminate this requirement or extend the provision to all advertisements of STR, regardless of venue.

Second, S.204 contains an explicit statement that municipalities may impose "more stringent health and safety regulations." This clause is both unnecessary-- municipalities already enjoy this authority in Vermont-- and potentially misleading, as it could be interpreted to preclude municipalities from taking steps to amend existing codes to make it easier to have STR. As a result, it would be advisable to amend this clause to clarify that the health and safety regulations laid out in the bill are the floor, rather than the ceiling, but that towns may amend their laws as they see fit within that framework.

Third, while the bill is justified in its focus on the tax and insurance responsibilities of short-term rental hosts, we believe that the relevant clauses should be amended to include explicit mention of the ability for these responsibilities to be satisfied by platform providers.

To wit, the following sentence should be added to §4466(c)(5): “Hosts may satisfy their rooms and local tax liability by showing that the occupancy was facilitated by an Internet-based platform that has entered into a written agreement with the Department to collect and remit the tax on behalf of operators using the platform.”

In addition, §4472(2)(a) should be amended to read (new language in underline), “The Commissioner of Health shall prepare and publish...information regarding the importance of and coverage options for liability insurance, including insurance offered by Internet-based platforms.”

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<sup>2</sup> <https://fas.org/sgp/crs/misc/R43772.pdf>.

## **Conclusion**

Thank you once again for the opportunity to testify. Airbnb looks forward to continuing to assist the Commissioner in efforts to ensure safe, responsible home sharing throughout the Green Mountain state.