

Gail Warnaar
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Committee for Economic Development, Housing, & General Affairs Informational Meeting
February 16 – Room 27 – State House
Re: Senate Bill S-204 – Short Term Lodging

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The Old Homestead has been in operation since 1919 – 99 years.
I have owned and operated the Inn for 20 years, offering four rooms.

Short Term Lodging Rentals in private homes have flourished in Vermont for 100 years, the original 'sharing economy'. The Vermont Tax Definition of a short term rental has been in place along with its accompanying R & M tax for most of those 100 years. The Industry today is basically doing the same thing: renting a sleeping space to the public, for a fee.

But our business models have changed radically in the last 20 years.

Demand for the iconic Vermont Home Stay Inn has remained strong. The larger "Select Registry" Inns with complete restaurants have flourished, as has a demand for self-catering apartments, camps and cottages.

There is definitely room in this industry, and demand for all types of lodging, including a traditional Motel or Hotel. But please let us agree that **we** are all under the same definition of "short term lodging". All are providing a sleeping space for the traveling public for a fee. We are all the same animal, just enjoying sleeping in different kind of nests, under a variety of roof types, and approaching by differing paths. But all guest occupants deserve to be protected in limb and life from hazards of health, fire, and lack of safety.

In meeting over the years with like-minded Inn Keepers in the NEK, information is shared and frustrations are vented. These are a few of the shared frustrations:

- 1) The last two years have seen a growing number of properties renting short-term lodging, and in my area very few are Vermont licensed. They are no different from what I do; provide sleeping space for one or several nights, to the public, for a fee. Some are accessory apartments previously rented as affordable housing, some are full houses or cabins and self catered. They advertise as short term lodging through many Internet platforms and booking agents, including Air BnB. Some serve breakfast, sans license, which is a clear violation of VT Law.
- 2) Half of our properties rent only 1, 2, or 3 rooms of a private home, with a business model unique to the needs of a Home Business, primary residence, owner occupied. We would like to

address the unique needs of Home Businesses, with a separate tier of license, mostly **taxation and regulation**. This is being approached through a House Proposal, but may be best accomplished if merged with S-204.

These un-licensed and non-compliant lodging options may not know they need to be licensed for safety and compliance, or they just choose to not comply. The bottom line however, does come with a price tag for fees, taxes, licensing, commercial insurance, and maintenance. Being non-compliant could mean several thousand dollars less expense than I, resulting in a lesser charge. R & M tax alone makes a 9% difference in their rate. I also suspect many do not report income from their little home business. I suspect several of these properties may return to the affordable housing market rather than be regulated.

I have had the poorest July and August in 2016 and '17, two of the potentially best months of the summer. I know there are travelers in the area, but I can not compete when there are many near me who can charge 30% less than I, avoid collecting Room and Meals Taxes, Collect Homestead Credit on Commercial operations on their properties, and basically go un-licensed and non-compliant avoiding many expenses.

Air B n B, as only one of the reservation platforms on the internet, does collect and pay VT R & M taxes as of about July 2017. BUT they will not divulge which properties have generated the tax, nor do they pay on the portion of the rate collected that they keep for their fee. Likewise Bed and Breakfast .com I would like to know the figures from the licensed and long time Inns who are turning in less revenue to the State as a result of loss of business due to unfair competition.

Very simply:

- I am asking for equal treatment and a level playing field.
- Tax us all or don't tax any of us.
- License all of us or none of us.
- Regulate all of us who have similar business models with equity, and with NO capricious exemptions.
- Aim toward an inspection schedule of all properties, especially those new to the industry.
- I can accept a self-inspection to get all licensed and compliant, and then begin to inspect as possible.
- It seems to me that additional licensing fees could be partially designated for additional inspectors – GOOD jobs for Vermonters!

Thank you for listening to me today.

Gail Warnaar