

Statement to Economic Development, Housing & General
Affairs Committee
by Tom Piper, South Burlington, VT

Regarding S.204
Feb 23, 2018

Thank you to the Committee for hearing my testimony on Short-Term Rentals. I'm speaking of my own accord, but believe that I fairly represent the interests and opinions of the thousands of homeowners in the state who offer short-term rentals, regularly or occasionally.

I have been a resident of South Burlington since 2005. We began offering a room of our house for rent through airbnb in the spring of 2017. Prior to that, we had no experience with short-term rentals.

Our motivation for doing so was entirely due to a concern that our property taxes, along with the state income tax, were becoming so expensive that we began to wonder if we might need to consider relocating to another state as we move toward retirement. By renting out a room on weekends in the summer, we felt that we could earn enough to partially offset this.

We became aware of Bill S.204 recently after seeing an article in the Burlington Free Press. It was stated very clearly that it is being considered at the request of the existing hospitality industry (e.g. inns, lodges, hotels). They are seeking to have a new tax levied on homeowners to discourage them from offering short-term rentals. This is protectionist and is seeking to shelter a sector of the industry

that should welcome competition by improving their product offering and not by attempting to thwart new entrants who offer an alternative, but qualitatively different, type of lodging experience.

This protectionist measure is being thinly cloaked as somehow being related to public safety. This is clearly just for appearances, as homeowners must “self certify” yet still pay \$130 to the state. The \$130 figure is clearly calculated as sufficient to serve as a financial barrier to short-term hosts as it is obviously a lot more money than it would cost to simply file their paperwork.

While, I assume most homeowners already insure that their homes are safe, have clean water, smoke detectors and so on, for their own personal safety and comfort, the airbnb system (and I presume the others) self-regulates that and any other number of other issues. The system works entirely based on the positive reviews of past guests. If your home isn't safe, has rodents or insects in it, or doesn't dispose of sewage properly – the review system will insure you receive no more bookings. Having homeowners “self-certify” to this fact is therefore both redundant and an unnecessary burden designed solely to reduce competition for professional inns and hotels.

There are other important reasons that the State should not impose this tax.

- The Short-Term Rental Working Group Report to the Legislature published last year states that the average host's age is 50 years old, with 29% being over 60. 63% are women. Vermont should allow these

resourceful New Englanders a realistic chance to stay in their homes and not start regulating them like professional hoteliers, which they are not.

- As the report makes clear, with rare exceptions, short-term rentals is a cottage industry. Fewer than 3% of airbnb listings are rented for more than half the year. Vermonters are not getting rich or making their living this way. Most of us are older and trying to supplement our incomes in such a way as to keep up with the ever-rising property taxes, and thus, stay in our Vermont homes.
- The average earnings per listing was just \$5900. \$5900 per year does not make you a professional innkeeper. The proposed tax would take an *additional* 2.2% of this, on top of the 10% meals and rooms tax, and on top of the income tax, both of which they already pay.
- A short-term rental does not offer an equivalent experience to an inn or hotel. They compete in the sense that they both offer a bed, but beyond that they are qualitatively different –something some tourists have no interest in, and something others greatly value as a unique way to get to know a region. A reduction in their number will negatively impact tourism in the state.
- The Short-Term Rental Working Group Report shows that the Rooms tax increased by 15% in FY17. That is a substantial increase that is being driven by short-term rentals. You have a large number of very small earners providing a very big boost to State tax receipts. Because each individual earner is small, this 2%

additional tax will push many of them out of the market and possibly send the meals and room tax receipts into negative territory. Tourism is a vital cornerstone of the Vermont economy, driving not just the hospitality business, but many other sectors as well. Short-term rentals has been a great boon for Vermont tourism and any attempt to curtail its growth would be harmful to the overall economy.

- In conclusion, Short-Term Rental hosts already pay the 9 – 10% meals and rooms tax, plus they pay Vermont State income tax on any earnings they make. This is sufficient and fair taxation to this small, supplemental income for Vermonters. Additional taxes and fees, to say nothing of paperwork, are unnecessary and will be detrimental to the State and to its people. If the legislature feels that safety is the true concern here, then address the legislation only to those “professional” short-term operators i.e. those who maintain multiple listings, rent entire properties for more than half the year, or earn a level of income that is beyond a mere supplement.

Thank you for your thoughtful consideration.