



Short-Term Rentals
Ronda Berns, Vice President Tourism, Vermont Chamber of Commerce
Senate Committee on Economic Development, Housing and General Affairs
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Dear Chairman Sirotkin and Committee Members,

The Vermont Chamber of Commerce is a statewide organization that represents nearly 1500 members with over half of our membership in the tourism industry and 90% of our members are small businesses with less than 50 employees. We are the official statewide partner to the American Hotel Lodging Association and the National Restaurant Association, both of which provide extensive resources to keep both our team and membership informed of industry news nationally.

The annual economic impact of the tourism industry in Vermont according to the FY17 Benchmark Study is \$2.8 billion, the industry supports 32,204 jobs and generates \$391 million in tax revenues to the state. The 13.1 million visitors that come to Vermont each year, create jobs from entry level to management positions across the state.

Home sharing has been around for decades, it is how the B&B and Inn industry began in Vermont. The Vermont Chamber has supported the rights of property owners to occasionally rent their homes to earn extra income for up to two weeks without regulations. However, we are now seeing large numbers of short-term rentals like Airbnb, HomeAway and VBRO that are not occasional renters but unlicensed and unregulated property owners running small to medium sized lodging business. They are using sites like Airbnb and HomeAway to gain an unfair and significant competitive advantage over the licensed properties by having no oversight, and not complying with established public health, safety, fire and zoning rules. Nor are we sure that they all pay the required rooms and meals taxes.

The hospitality industry has always welcomed competition on a level and legal playing field. Competition thrives when everyone plays by the same set of rules. The Vermont Chamber is in favor of legislation that would require ALL short-term rental hosts to register and pay the appropriate lodging fee based on occupancy. They should be required to secure their own rooms & meals tax id number as mandated in Act10 and to follow the current lodging health, fire and safety rules and agree to an inspection based on risk and or complaint. Short-term rentals need to be treated like any other lodging business and regulated accordingly.

Airbnb signed into a voluntary tax agreement in 2016 to collect the state's 9% rooms and meals tax and remit it to the state. We supported this action because it began to create a level playing field among lodging establishments regardless of size. The tax agreement however includes a non-disclosure with the state at Airbnb's demand and only one check for all their properties is submitted monthly. In addition, they have been allowed to have their hosts, exclusive to their platform, use Airbnb's rooms and meals tax id number which does not follow the intent of the short-term rental bill that was signed into law last year.

It was reported by Airbnb that in 2018 their hosts earned \$48 million from 4500 Airbnb hosts renting to 341,000 guests and that \$8 million in Vermont tax revenues were produced through their platform since 2016. It is estimated that the total number of short-term rentals in the state could be as high as 8000 units or homes. Only 4500 units of those 8000 hosts are with Airbnb and are confirmed to be collecting state and local taxes through the Airbnb platform. This leaves the question as to how many short-term rental hosts may or may not be paying taxes for their short-term rental businesses.

Allowing short-term rentals, home shares or vacation rentals to be exempt from the current health and safety, sanitation and fire laws creates a financial disadvantage for those businesses which are following the laws of the state, and who are continually required to make the necessary updates to their properties. In addition, these exempt rental properties could potentially create an unsafe environment for the state's visitors and a major liability for the hosts.

A registration and fee for all short-term rentals by the health department would provide:

- The actual number of short-term rentals in Vermont and where each unit is located
- Who are the hosts and how many of them are out of state residents
- How many hosts are multiple property owners
- Create a way to disseminate educational information to all hosts regardless of online booking platform
- A fee to pay for the administration and enforcement of the health laws

The Vermont Chamber supports additional legislation that will require all short-term rentals to register and pay the required per person lodging fee with the state; acquire a rooms & meals tax id number per the current law, be self-certified and agree to an inspection. These measures are all aimed to protect the Vermont short term hosts, the traveling public and the Vermont brand.