

Meals and Rooms Tax 10% Surcharge on Short-Term Rentals
Ted Barnett, Joint Fiscal Office
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Tax Rates on Short Term Rentals in Vermont

	State Rooms Tax	State Rooms Tax with Local Option
Current Law*	9%	10%
With 10% Surcharge	19%	20%

*The City of Burlington currently charges a 9% gross receipts tax on revenue earned from short term rental activity in addition to the 9% state rooms tax.

Short-Term Rentals in Vermont

Entire homes listed as short term rentals



Source:
AirDNA short-term rental listings

Source: <https://www.housingdata.org/profile/housing-stock/short-term-rentals>

- Data shows the increase in homes used as short-term rentals since 2015. Large discrete jumps in the data come from additions to new booking platforms to AirDNA data
- This chart does not reflect listings for single bedrooms in a house or listings on smaller platforms like StayClassy (a local, Vermont-based platform that connects hosts and renters directly)

JFO preliminary estimate for a 10% meals and rooms surcharge on short-term rentals is between \$37.8 and \$47.0 million per year, with a midpoint of \$42.4 million per year

Considerations:

- Further modeling is needed to better understand:
 - The portion of the short-term rental market that is an entire house versus a bedroom in a house
 - The number of the short-term rentals captured on larger rental platforms versus those listed through word of mouth, local papers, etc.
 - The share of short-term rental stays that are longer than 30 days
- Increase in price may drive down demand, especially because Vermont vacation stays have close substitutes in interior New England. The scale of the demand decrease depends on the strength of the Vermont tourism brand, and whether the market for short-term rentals is like other types of accommodations.
 - Large platforms use dynamic pricing to adjust listing price to demand, so prices may adjust to changes in tax policy.
- Tourists who book short-term rentals with the surcharge may have less money to spend during their trip in Vermont, decreasing meals, alcohol, sales, and other tax revenues.
- A surcharge of this magnitude may drive tax avoidance
 - May drive hosts to list on alternative platforms that rely on the host to remit the appropriate taxes, instead of using platforms that calculate and collect taxes on behalf of the host.