

POLICY POSITION

Short-Term Rentals

PREPARED BY



Short-term rentals, especially Airbnb, have revolutionized the lodging market. Some of these online home-sharing companies offer more listings than the top five major hotel brands have, combined. Unsurprisingly, these additional lodging options have kept both bed and breakfast and hotel rates in check. Hotel rooms that would often sell out now typically remain open during peak periods. This industry has always welcomed competition; however, it is essential that any competitor experience fair and equitable regulation and treatment like our hotels and bed and breakfasts.

Amongst other things, hotels and bed and breakfasts are required to:

- obtain a license/occupancy permit to operate and are subject to the Uniform Construction Code for new construction and renovations;
- remit hotel occupancy tax and local county/city room tax;
- purchase commercial insurance;
- have annual inspections of boilers, fire extinguishers, etc.;
- adhere to local zoning ordinances; and
- have adequate parking available.

“Hosts” or “owners” offering their home or vacation rental properties for short-term rentals ought to be held to the same standards of regulatory enforcement comparable to bed and breakfasts and hotels. At a time when this industry pivots to recovery and rebuilding from the COVID-19 pandemic, it is critical for lawmakers to level the playing field to ensure that local governments have the tools they need to keep guests safe and collect taxes. The PA Association of Bed & Breakfast Inns (PABBI) and the PA Restaurant & Lodging Association (PRLA) ask that you support legislation requiring online home-sharing and short-term rental businesses doing business in PA to register with the state and share information with taxing authorities.

Pennsylvania entered into a confidential agreement with Airbnb in July 2016. The details of the agreement are not available to the public, but Airbnb agreed to collect and remit the state hotel occupancy tax from their hosts – as well as the additional 1 percent tax in Philadelphia and Allegheny Counties. Unfortunately, there is no way to know if the state is receiving the correct tax amount, and Airbnb is not required to share the locations of their hosts. The PA Department of Revenue, citing confidentiality requirements, does not share any information on the location of short-term rentals with County Treasurers or county/municipal officials. In other words, many counties and municipalities do not have the tools they need to address the aforementioned issues effectively.

The nature of the short-term rental industry makes these properties difficult to pinpoint. An operator can list their property on a short-term rental website for a short time, then remove it, then list it again on a different platform. It is a labor-intensive, dizzying, and time-consuming task for counties/municipal officials to constantly track the properties in their area so they can ensure proper regulatory compliance. It is crucial that the legislature pass legislation that would give local governments the tools they need to address these many issues – if they so choose.

PABBI and PRLA support the passage of legislative action that would provide transparent accountability for third-party collection and payment of taxes, and notification to local governing bodies of the location and owner information of short-term rentals. This will not only eliminate unfair competition, but ensure the health and safety of all Pennsylvania visitors.