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Members of the Jefferson County Metro Council::

Thank you for the opportunity to share comments on the work that is going on to set up a system to govern short term rentals in Louisville.

My thoughts focus on 2 key objectives:

- Developing a system that is fair to all property owners and creates a level playing field
- Making sure that any rules facilitate compliance with regulations and that they are enforceable

If a system is developed that differentiates between properties, and requires different things from different groups (e.g. no license required for people that rent for 14 days or less or for owner occupied properties), it will certainly result in non-compliance with tax laws and set the city up for a really messy regulatory / enforcement situation. All you have to do to know this is true is look at the current situation.

Homeowners that rent on AirBnB and VRBO are directly told that they need to collect and pay taxes on short term rentals. Most choose not to do so( claiming ignorance), because there is really no mechanism to enforce compliance. When you list a home on AirBnB you have to acknowledge that you will follow local laws and rules - taxes are specifically listed as something that needs to be addressed. Despite this, very few homeowners comply. The AirBnB page you have to go through when listing a home is attached as "**Attachment A**", and the screen you reach when clicking on the red "helpful resources" link is included as "**Attachment B**":

If you create a system that allows homeowners to avoid licensure by saying they rent for less than 14 days, or that allows owner occupied properties to be unlicensed, you virtually ensure continuation of the current system of non-compliance without any viable way of enforcement (which penalizes the people that comply by having their properties be significantly more expensive as a result of adding tax amounts to bills).

Having AirBnB collect taxes also leaves a number of huge loopholes. First, roughly 40% of our business is repeat customers. These people do not go through AirBnB to rebook as it is cheaper for them to go directly to us – thus 40% of our business would be on the "honor system". Second, other sites (Flipkey, VRBO) typically do not actively participate in the transaction – renters book directly with owners, so since the site does not collect money from renters, there is nothing to remit. Again, collections are dependent on voluntary compliance which is proven not to work.

The most reasonable answer to create a system that drives compliance and is enforceable is to require all short term rentals to obtain licenses and to make proof of having obtained a tax number a condition of licensure. To make enforcement easy, requiring all listings to clearly display their license number in

all advertising (with a hefty fine for violations) would allow one person to scan ads to identify properties that are likely not complying with the rules.

The amount of money that could be raised for the benefit of the City is not small. Our 5 properties have paid over \$8,500 in sales and state transient taxes just from January thru June. With the 1,000 listings on the major sites this implies potential revenue for the city of several million dollars. Even if the funds go only to promote tourism and the convention center, the spending of additional guests to the city benefits us all.

In summary, please create a system that:

- Is uniform for all owners requiring the same licenses for everyone
- Requires demonstration of tax compliance as a condition of licensing
- Requires display of the license number in all advertising to make enforcement practical.

Thank you for the opportunity to share my thoughts.

Sincerely,

Stephen Seim

## Attachment A

Back

Forward

Home

Star

https://www.airbnb.com/manage-l... Airbnb, Inc. [...]

Edit Entire home/apt in Laf... Google Accounts

File Edit View Favorites Tools Help

airbnb

Where are you going?

Browse

William Help

Preview

Comfy Relaxed Space

Listing

Basics

Description

Location

Amenities

Photos

Booking

Pricing

Calendar

Complete 4 steps to list your space.

Ⓟ


Notice About Your Local Laws

Please educate yourself about the laws in your jurisdiction before listing your space.

Most cities have rules covering homesharing, and the specific codes and ordinances can appear in many places (such as zoning, building, licensing or tax codes). In most places, you must register, get a permit, or obtain a license before you list your property or accept guests. You may also be responsible for collecting and remitting certain taxes. In some places, short-term rentals could be prohibited altogether.

Since you are responsible for your own decision to list or book, you should get comfortable with the applicable rules before listing on Airbnb. To get you started, we offer some helpful resources under "Your City Laws."

By accepting our Terms of Service and listing your space, you certify that you will follow applicable laws and regulations.



Airbnb, Inc.

About | Help | Safety | Responsible Hosting | Local Laws | Policies | Terms & Privacy

English

9:12 AM 8/5/20

## Attachment B

The screenshot shows a web browser window with the following elements:

- Address Bar:** <https://www.airbnb.com/help/resp>
- Page Title:** Airbnb, Inc. | ...
- Navigation Bar:** File Edit View Favorites Tools Help
- Content Area:**
  - Text:** you. The manager of the property may be able to answer questions about this.
  - Section Header:**

## General Regulations
  - Text:** What local regulations apply to me?
  - Section Header:** **Taxes:**
  - Text:** Ensure you look up any local taxes or business license requirements that may apply. This may include things like hotel/transient occupancy tax, sales, and other turnover taxes such as Value Added Tax (VAT) or Goods and Services Tax (GST), or income tax.
  - Section Header:** **Permits or Registrations:**
  - Text:** Ensure you look up any permitting, zoning, safety, and health regulations that may apply. The governing authorities that regulate the use and development of property in your area may have useful information on such regulations.
  - Section Header:** **Rent Control/Rent Stabilization:**
  - Text:** If you live in rent controlled or stabilized housing, there may be special rules that apply to you. Contact your local Rent board to ask questions about this topic.

The browser's taskbar at the bottom shows the Windows Start button, several application icons (including a folder, a document, and a web browser), and the system clock displaying 9:43 AM on 8/7/2015.