REPORT

State Taxation of Short-Term Rentals

BY ERIC SYVERSON

The meteoric rise of short-term rentals (STR) has fundamentally reshaped the tourism accommodation landscape, unlocking commercial value from previously underutilized personal assets for owners and offering vacationers greater options. While vacation rentals have long been a staple in the U.S., the emergence of peer-to-peer online platforms like Airbnb and VRBO has catalyzed property owners to enter the shared economy.

Modern travelers now face a choice between booking a hotel or opting for a short-term rental, with an increasing number choosing the latter. Circumstances like budget, location, party size and travel purpose may factor into a consumer's decision between the two. According to one industry report, hotels still account for the large market share for accommodations in the U.S., but short-term rentals are growing in terms of the share of overall travelers using them—even despite growing interest in regulating the industry. This is especially true in mountain and beach communities, rural areas and markets with low availability of hotel rooms.

In response to the transformative impact these platforms have had on the tourism industry, state and local governments have been increasingly evaluating and enacting new policies related to these platforms. This report takes a holistic view of how states may tax short-term rentals, primarily through property and lodging taxes, with revenues generated by the rental flowing through to the respective owner and taxed as income.

Overview: What is a Short-Term Rental?

Conversationally, short-term rentals have become synonymous with the platforms that facilitate the rental of properties. However, as prospective users know too well, what a short-term rental entails varies widely. State and local policy may define them as a rental of any type of residential home, subunit of a home or accessory dwelling unit of a home for a brief period—typically less than a month. That means a short-term rental may encompass anything from a mansion in a ski resort community to a condominium in a university town. Statutory language may refer to short-term rental as "transient" lodging or rentals, indicating the temporary nature of the stay. Language may use the phrase "vacation short-term rental" to differentiate residential versus commercial purposes. The differences between states' definitions affect how the sale of rental nights as a service are taxed and how the property may be classified for property taxation purposes. What constitutes short-term, as well as whether a property's use is residential or commercial, frames the nature of the policy implications.

Property Taxation

All real property is subject to taxation according to its assessed value, including short-term rental properties. Local governments have traditionally levied most property taxes, with county and municipal authorities, school districts, and special taxing districts receiving most of their revenues. However, state policy establishes uniform property tax systems by determining how properties are classified according to use, assessed for their taxable value, and the tax rate or assessment ratio applicable to a property. Below is a 50-state comparison offering details about each state's policy governing these respective aspects of short-term rental property taxation. This research shows the wide variance in how states treat short-term rentals for property tax purposes across the nation.

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APRIL | 2024

Table 1: Short-Term Rental Property Taxation

50-state Comparison

State	Are STR Properties Classified?	Description	Assessment Ratio(s) or Tax Rate(s) (Effective 2024)	Citations
Alabama	Yes. One Classification	STRs, hotels, motels and timeshares are subject to tax as class II, all property not otherwise classified.	Assessment Ratio: 20%	• Ala. Code § 40-8-1(a), • (b)(4) • Ala. Code § 40-11-1(16)
Alaska	No.	STRs are taxed as real property. The state does not provide classification for hotels or lodging types.	Assessment Ratio: 100%	• Alaska Stat. § 29.45.110 • Alaska Stat. § 29.71.800(16) • Alaska Stat. § 29.71.800(19)
Arizona	Yes. Multiple Classifications	STRs are classified as class one or class four properties. Class one properties: Hotels and lodging devoted to commercial or industrial use Class four properties: Hotels and lodging only if meets the following conditions. • Consists of eight or fewer rentable rooms • Offers no more than breakfast • Rents to transient lodgers • The owner resides on the property	Assessment Ratio: • Class One: 17.5% • Class Four: 10%	• Ariz. Rev. Stat. Ann. § 42-12001(12)-(13) • Ariz. Rev. Stat. Ann. § 42-12004
Arkansas	No.	All real property is subject to property taxation, including STRs.	Assessment Ratio: 20% of full value	• Ark. Code § 26-3-201 • Ark. Code §26-26-303
California	No.	All real property is subject to property taxation, including STRs.	Assessment Ratio: 100% full cash value based on the base year value, limited to growth of 2% annually or the rate of inflation, whichever is less.	• Cal. Rev. & Tax. Code § 201 • Cal. Rev. & Tax. Code § 224 • Cal. Rev. & Tax. Code § 401
Colorado	Yes. Multiple Classifications	STRs can be classified as residential and non-residential property and are subject to property taxation depending on classification. Residential properties may include the following: • Multi-family residential • Residential Nonresidential lodging properties: • Commercial • Commercial lodging • Bed and Breakfasts, with split-rate taxation	Assessment Ratio: • Residential: TBD • Multi-family Residential: 6.8% • Commercial/Commercial Lodging: 29%	• Colo. Rev. Stat. § 39-1-103 • Colo. Rev. Stat. § 39-1-104
Connecticut	No.	The state taxes STRs like hotels and motels, all of which fall under commercial properties.	Assessment Ratio: 70% of fair market value	• Conn. Gen. Stat. §12-62a • Conn. Gen. Stat. §12-41
Delaware	No.	All real property is subject to property taxation, including STRs.	Assessment Ratio: Varies by locality.	• Del. Code. Ann. 9 §8101 • Del. Code. Ann. 9 §8306
District of Columbia	Yes. Multiple Classifications	STRs are classified as a Class 2 property. For mixed-use properties, such as those used for both transient and nontransient residential purposes, the property's total assessed value is apportioned into Class 1 and Class 2 based on the property's specific use.	Tax Rate: • Class 1: $0.85 • Class 2 (valued less than $5 million): $1.65 • Class 2 (valued greater than $5 million but less than $10 million): $1.77 • Class 2 (valued greater than $10 million): $1.89	• D.C. Code Ann. §47-812 • D.C. Mun. Regs. tit. 9 § 327
Florida	No.	All real property is subject to property taxation, including STRs.	Assessment Ratio: 100% of full, just value	• Fla. Stat. § 192.011 • Fla. Stat. § 196.001

State	Are STR Properties Classified?	Description	Assessment Ratio(s) or Tax Rate(s) (Effective 2024)	Citations
Georgia	Yes. One Classification	All tangible real property is subject to property taxation, including STRs.	Assessment Ratio: 40%	• Ga. Code Ann. § 48-5-7 • Ga. Code Ann. § 48-5-3
Hawaii	Yes. Depends on locality	STRs are generally classified as hotels, resorts, non-owner occupied residential, short-term rental, and commercialized residential properties depending on the county.	Depends on locality.	
Idaho	No.	All real property is subject to property taxation, including STRs.	Assessment Ratio: 100% of full market value	• Idaho Code Ann. §63-204 • Idaho Code Ann. §63-205
Illinois	Yes. Depends on locality	For most of the state, STRs are taxed as real property and not subject to specific classification types. However, for Cook County, STRs are subject to classification and may include Class 2 Residential, Class 3 Multi Family, or Class 5a depending on ownership model.	Assessment Ratio applicable to most of the state: 33.33% of fair cash value. Assessment Ratios applicable to Cook County: • Class 2 Residential: 10% • Class 3 Multi Family: 10% • Class 5a: 25%	• 35 Ill. Comp. Stat. Ann. 200/9-145 • 35 Ill. Comp. Stat. Ann. 200/9-150
Indiana	Yes. One Classification	STRs are considered Class Code 4, Commercial taxable land and improvements used for general commercial and recreational purposes.	Assessment Ratio: 100% of the true value of the property.	• Ind. Code Ann. § 6-1.1-2-1 • Ind. Code Ann. §6-1.1-1-3 • 50 Ind. Admin. Code 2.4-1-1 2021 Real Property Assessment Manual
Iowa	Yes. One Classification	STRs are considered Commercial Property - Class 3.	Assessment Ratio: Commercial property • Class 3: Assessed at the residential ratio (54.6501%) for the first $150,000 and 90% of the value in excess of $150,000 (known as the rollback)	• Iowa Code Ann. § 441.21 • Iowa Code Ann. § 441.21A • Iowa Admin. Code 701-102.1
Kansas	Yes. Multiple Classifications	STRs may be considered Class 1-A property, or residential property, if they function as a Bed and Breakfast property with 5 or fewer bedrooms available for overnight guests who stay for not more than 28 consecutive days. If they do not meet these conditions, then they are considered Class 1-F property: commercial.	Assessment Ratio: • Class 1-A: 11.5% • Class 1-F: 25%	• Kan. Const. Art. 11 §1 • Kan. Stat. Ann.§79-1439
Kentucky	Yes.	All real property is subject to property tax, including STRs.	Assessment Ratio: 100% fair cash value Tax Rate: $0.315 of $100 of value on all real property	• Ky. Const. § 172 • Ky. Rev. Stat. § 132.191 • Ky. Rev. Stat. Ann. § 132.220
Louisiana	Yes. One Classification	STRs are classified as other property.	Assessment Ratio: 15% of fair market value.	• La. Const. Art VII §18 • La. Stat. Ann. § 47:1702 • La. Stat. Ann. § 47:2322 • La. Admin. Code Tit. 61 § V.304
Maine	No.	All real property is subject to property taxation, including STRs.	Assessment Ratio: At least 70% and no greater than 100% depending on locality.	• Me. Rev. Stat. tit. 36, § 327 • Me. Rev. Stat. tit. 36, § 1106-A
Maryland	No.	All real property is subject to property taxation, including STRs.	Depends on locality.	• Md. Code Ann., Tax-Prop. § 6-303 • Md. Code Ann., Tax-Prop. § 8-105

State	Are STR Properties Classified?	Description	Assessment Ratio(s) or Tax Rate(s) (Effective 2024)	Citations
Massachusetts	Yes. Multiple Classifications	STRs can be classified either as Class Three commercial property or as Class One residential property, depending on the characteristics of the about the property.	Assessment Ratio: 100% of fair market value	• Mass. Gen. Laws. ch 40 §56 • Mass. Gen. Laws Ann. ch. 59, § 2A
Michigan	Yes. Multiple Classifications	STRs can be classified as either residential or commercial real property, depending on whether the primary use is to generate income similar to a motel/hotel or if the STR is only used in a portion of the house.	Assessment Ratio: Residential and commercial property not exempt are assessed at 50% of true cash value.	• Mich. Comp. Laws Ann. § 211.34c • Mich. Comp. Laws Ann. § 211.27a
Minnesota	Yes. Multiple Classifications	STRs can be classified as Class 4b Residential Non-Homestead if it has less than four units that is rented as a short-term rental property for more than 14 days in the preceding year. Otherwise, STRs can be classified as a Class 4bb(1) or (2) Residential Non-Homestead	Assessment Ratio: • Class 4b: 1.25% • Class 4bb: 1.0% on first $500,000; 1.25% on values over $500,000.	Minn. Stat. §273.13
Mississippi	Yes. One Classification	STRs are classified as Class II properties, All other real property except Class I or Class IV.	Assessment Ratio: • Class II: 15% of true value.	• Miss. Code Ann. § 27-35-4 • Miss. Code Ann. § 27-35-55
Missouri	Yes. Multiple Classifications	STRs can be classified as either residential, commercial or mixed-use residential-commercial property. The state will allocate a percentage of the true value of money of the property devoted to each use depending on the percentage of the house rented and the number of days it functions as a commercial property annually.	Assessment Ratio: • Residential Subclass 1: 19% • Commercial Subclass 3: 32% • Mixed-Use: Percentage allocation based on classification with residential and commercial assessment ratios applying to respective percentages.	Mo. Rev. Stat. §137.016
Montana	Yes. One Classification	STRs are classified as Class 4 Commercial property. In the instance of a property with both residential and commercial uses, the property is classified and appraised by the land use that has the highest percentage of total value.	Assessment Ratio: 1.89%	• Mont. Code Ann. § 15-6-134 • Mont. Code Ann. § 15-1-101
Nebraska	No.	All real property is subject to property taxation, including STRs.	Assessment Ratio: 100% of actual value.	• Neb. Rev. Stat. § 77-103 • Neb. Rev. Stat. §77-201
Nevada	No.	All real property is subject to property taxation, including STRs.	Assessment Ratio: 35% of taxable value	• Nev. Rev. Stat. §361.045 • Nev. Rev. Stat. §361.225
New Hampshire	No.	All real property is subject to property taxation, including STRs.	Depends on locality.	N.H. Rev. Stat. Ann. §72-6
New Jersey	No.	All real property is subject to property taxation, including STRs.	Depends on locality. Policy requires a ratio of at least 20% or higher of 100% of the standard value; all counties have selected 100%.	N.J. Rev. Stat. §54:4-2.26
New Mexico	Yes. Multiple Classifications	STRs may be classified as Class I Residential or Class II Non-residential property, depending on circumstance, use and type of property.	Assessment Ratio: 33.33% of market value	• N.M. Stat. § 7-35-2 • N.M. Stat. § 7-36-2.1

State	Are STR Properties Classified?	Description	Assessment Ratio(s) or Tax Rate(s) (Effective 2024)	Citations
New York	Yes. Multiple Classifications	STRs are subject to property taxes depending on their assessing unit and may be classed differently depending on if they are located in a special assessing unit. Additionally, the state provides a local option for cities with populations over 1 million to enact a property tax surcharge up to 25% of net real property taxes for property that provides rental income to owners who do not use the property as a primary residence.	Assessment Ratio: Depends on locality and state law requires that all parcels are assessed at a uniform percentage of current value within a taxing jurisdiction.	• N.Y. Real Property Tax Law § 301 • N.Y. Real Property Tax Law § 305 • N.Y. Real Property Tax Law § 305 • N.Y. Real Prop. Tax Law § 1801, et seq. • N.Y. Real Prop. Tax Law § 1903, et seq.
North Carolina	No.	All real property is subject to property taxation, including STRs.	Assessment Ratio: 100% true value.	• N.C. Gen. Stat. Ann. § 105-274 • N.C. Gen. Stat. Ann. § 105-284
North Dakota	Yes. Multiple Classifications	STRs can be classified as residential or commercial property depending on the number of units. Properties with four or more separate family units qualify as commercial property; those with fewer than four are residential property.	Assessment Ratio: • Residential: 9% of assess value • Commercial: 10% of assessed value	• N.D. Cent. Code §57-02-01 • N.D. Cent. Code §57-02-27
Oklahoma	No.	All real property is subject to property taxation, including STRs.	Assessment Ratio: Depends on locality but limited to 11% to 13.5%	• Okla. Const. Art. X §8 • Okla. Stat. Ann. tit. 68, § 2802 • Okla. Stat. Ann. tit. 68, § 2806 • Okla. Stat. Ann. tit. 68, § 2817
Oregon	Yes. One Classification	Properties must be classified by highest and best use of the property. Therefore, STRs are classified as 2-0-1 Commercial property due to being an improved property that has a commercial use as its highest and best use.	Assessment Ratio: 100% of real market value	• Or. Rev. Stat. §308.215 • Or. Rev. Stat. §308.232 • OAR 150-308-0240 • OAR 150-308-0310
Pennsylvania	No.	All real property is subject to property taxation, including STRs.	Depends on Locality	• 53 Pa. Stat. and Cons. Stat. Ann. § 8811 • 53 Pa. Stat. and Cons. Stat. Ann. § 8842
Rhode Island	Yes. Multiple Classifications	STRs can be considered either Class 1 Residential or Class 2 Commercial. Class 1 property includes those with no more than 5 dwelling units; however, in the city of Providence, this class may also include residential properties containing a partial commercial or business uses and residential real estate more than 5 dwelling units. Class 2 property includes residential properties containing partial commercial or business uses, as well as residential real estate containing more than 5 dwelling units. In the city of Providence, properties containing partial or commercial uses and residential real estate of more than 5 dwelling units may be included in Class 1.	Depends on Locality but cannot exceed 100% of full or market value. Effective tax rate cannot be greater than 50% or more of any other property class.	R.I. Gen. Laws §44-5-11.8
South Carolina	Yes. One Classification	STRs are classified as other real estate.	6% of their fair market value, listed, and taxed.	S.C. Code § 12-43-220
South Dakota	Yes. One Classification	STRs are classified as Nonagricultural property.	Assessment Ratio: All property is assessed at full and true value; then property is equalized to 85%.	• S.D. Codified Laws. § 10-6-110 • S.D. Codified Laws § 10-12-31.1 • S.D. Codified Laws § 10-6-104

State	Are STR Properties Classified?	Description	Assessment Ratio(s) or Tax Rate(s) (Effective 2024)	Citations
Tennessee	Yes. Multiple Classifications	STRs can be considered as residential property if it contains one short-term rental unit. However, if it contains more than one short-term rental unit, it is classified as commercial and industrial real property.	Assessment Ratio: • Residential: 25% of its value • Industrial and Commercial: 40% of its value	Tenn. Code Ann. § 67-5-801
Texas	No.	All real property is subject to property taxation, including STRs. For the purpose of the School District Property Value Study, Texas Property Tax Assistance Property Classification Guide classifies STRS as F1 commercial property, which are valued and assessed based on their fair market values like all other property.	Assessment Ratio: 100% of appraised value	Tex. Tax Code §26.02
Utah	Yes. Multiple Classifications	Property is either classified as Class 1 Residential property (serving as a primary residence, including rental properties) or Class 2, containing all other property. STRs may qualify as Residential property if they use property for 183 or more consecutive calendar days. Otherwise, the STRs is classified as Class 2.	Assessment Ratio: • Class 1: 55% of fair market value. • Class 2: 100% of fair market value.	Utah Code Ann. § 59-2-103
Vermont	Yes. Multiple Classifications	STRs may be classified as homestead or non-homestead properties for property tax purposes. If an STR has been leased for more than 182 days of a year, used exclusively as commercial (including rental) purposes, or used as a second home, the property is considered a non-homestead property. An STR property qualifying as a homestead may have a commercial purpose such as being a rental property. However, homestead STRs must attribute less than 25% of the floor space of the building for business purposes.	Tax Rate: • Homestead 1.0% • Non-homestead: 1.73%	• 32 Vt. Stat. § 5401 • Vermont Tax Fact Sheet FS-1051
Virginia	Yes. One Classification	All real property is subject to property taxation, including STRs. STRs are specifically defined by state law as those deriving at least 80% of their rental receipts from rental of personal property for 92 consecutive days or less and subject to the Short-term rental property tax, a type of tangible personal property tax.	Assessment Ratio: 100% of fair market value Short-term rental property tax rate: Less than or equal to 1%	• Va. Code Ann. § 58.1-3201 • Va. Code Ann. § 58.1-3500
Washington	Yes. One Classification	All real property is subject to property taxation, including STRs. The state provides land use stratification codes which categorize STRs and other transient lodging accommodations as residential use.	Assessment Ratio: 100% of market value	• Wash. Rev. Code 84.40.030 • Wash. Admin. Code § 458-53-030
West Virginia	Yes. Multiple Classifications	STRs may be considered Class II, II, or IV property. Business property is generally taxed as Class III or IV property, depending on whether the respective property is located within or outside of a municipality. However, STRs may also be considered a Class II or residential property if the owner asks the assessor to split list the property for tax purposes. The property would then be split into the square footage used solely for residential or business purposes, and taxed accordingly.	Assessment Ratio: 60% of value. Tax Rate: • Class II: 1.0% • Class III: 1.5% • Class IV: 2.0%	• W. Va. Code Ann. § 11-8-5 • West Virginia Publication TSD-435
Wisconsin	Yes. Multiple Classifications	All real property is subject to property taxation, including STRs. However, two subclassifications of residential or commercial may apply.	Assessment Ratio: 100% of value.	Wis. Stats. §70.32 2024 Guide for Property Owners, Wisconsin Department of Revenue
Wyoming	No.	All real property is subject to property taxation, including STRs.	Assessment Ratio: 9.5%	Wyo. Stat. §39-11-101

CLASSIFYING STRS

States often classify property differently for taxation purposes, most commonly by use. Popular use categories are residential, commercial and industrial, but states may have either more detailed categories or much more simple systems. Classification may entail different rates depending on the property type; conversely, states may levy a uniform tax rate but subject different percentages of value to taxation based on classification. Very few states levy different property tax rates and assessment ratios by classification.

Table 1 indicates how each state classifies short-term rental properties. While 19 states do not have a classification applicable to short-term rentals specifically, a total of 30 states either have one classification (12 states) or multiple classifications (18 states) for them. In addition, Hawaii and Illinois have classifications set by local authorities, and not by state policy. How short-term rentals are classified can depend on the following:

- **Highest and best use of the property.** States may categorize STRs differently depending on whether the property is primarily used for residential or commercial purposes. Requirements may often measure the number of nights the property is used for residential or commercial purposes, setting a certain threshold to qualify as one or the other. Likewise, states may distinguish between properties based on the percentage of square footage devoted to residential or commercial use.

- **Characteristics of the property.** To account for the wide array of properties that are considered short-term rentals, classification may hinge on a property's structural attributes. For instance, states can use a threshold for the number of units within certain types of multifamily housing or the number of bedrooms available for rent in single family housing to determine classification.

- **Location of the property.** A few states differentiate classifications for short-term rentals in specific regions, counties, or municipalities. This means that some states may classify short-term rentals as residential property in some localities, and as commercial property in others.

Since there is a wide range of what may constitute a short-term rental, property tax classification depends on the parameters set by policy. Although a few states universally classify all short-term rentals for property tax purposes, most states will see them classified and assessed differently due to state definitions. Residential and commercial classifications commonly apply to short-term rentals in state policy.

POLICY CONSIDERATIONS

State policymakers may confront challenges with formulating innovative policies that diverge from traditional approaches as they contemplate different forms of taxation for short-term rental properties. This shift may involve the creation of a distinct classification for short-term rental properties or the adjustment of assessment ratios and tax rates. Implementing such changes is likely to spark extensive legislative deliberations. In addition to conducting an impact analysis of potential policies, as well as analyzing the wider short-term rental market and debating tax fairness and equity, here are three key considerations for state lawmakers as they design new policy frameworks:

- **Create a definition for short-term rentals.** Consider explicitly defining what constitutes a short-term rental within state policy frameworks. Lack of clarity in definitions can lead to unintended consequences such as preferential tax treatment that favors certain short-term rentals over others. Policymakers must account for several types of properties, including owner-occupied homes, homes occupied on a part-time basis, timeshares, properties held by entities like LLCs and family trusts, and condominiums within hotels. Clarifying definitions can help prevent ambiguity and ensure tax fairness for specific properties.

- **Consider proportional taxation and the challenges that come with it.** A potential compromise policy could involve subjecting short-term rentals to property taxation proportional to their use as residential and commercial properties. In practice, state policy could either distinguish properties based on square footage devoted to short-term rentals or differentiate property taxes based on the number of days used as a short-term rental. While the former aligns with existing approaches for assessing mixed-use buildings and hotels, the latter may align with federal reporting requirements for income tax purposes. However, accurate assessment and equitable taxation of properties operating both as residential and commercial entities may pose challenges for local assessing authorities.

- **Account for data availability to assist tax administration.** Before reforming policy, contemplate access to relevant data, including the ability to track all listings, occupancy rates, and how a short-term rental property declares partial use if taxed proportionately. While local governments can access data from marketplace facilitators like Airbnb, there are alternative platforms for short-term rental listings that governments may not capture currently. States may consider creating centralized systems for tracking information related to short-term rentals and collaborating with local assessing authorities to assist policy implementation statewide.

State Lodging Taxation

The sale of short-term rental accommodation is subject to sales and/or lodging taxes in most states. Governments charge lodging taxes when travelers rent accommodation for a defined, brief period. Other names for lodging taxes include bed taxes or transient occupancy taxes depending on the state. In addition to, or in lieu of, a sales tax, customers pay lodging taxes at the point of sale and the operator remits the tax payment to the relevant taxing authority. State lodging taxes are applicable to short-term rentals, and the relevant marketplace facilitator listing short-term rental property remits the taxes to the state. States with lodging taxes usually empower local counties and municipalities to levy their own lodging and/or sales taxes, meaning that renting a short-term rental may subject travelers to multiple forms of taxation. Table 2 provides a 50-state comparison of state lodging taxes applicable to STRs. Note: this information does not include local sales and/or lodging taxes, which would also factor into the purchase of STR accommodation.

Table 2: Short-term Rental Lodging Taxation

50-state Comparison

State	State Lodging Tax(es)	State Lodging Tax Rate	Length of Stay Subject to Tax	Citation
Alabama	Transient Occupancy Tax	5% for the counities located in the Alabama Mountain Lakes area 4% for all other counties	180 days or less	Ala. Code § 40-26-1
Alaska	No state tax. All lodging taxes levied at the local level.			
Arizona	Transaction Privilege Tax	5.5%	30 days or less	• Ariz. Rev. Stat. Ann. § 42-5010 • Ariz. Rev. Stat. Ann. § 42-5070 • Ariz. Rev. Stat. Ann. § 42-5070
Arkansas	Gross Receipts Tax Tourism Taxes	6.5% gross receipts tax and 2% state tourism tax	30 days or less	• Ark. Code Ann. § 26-52-301 • Ark. Code Ann. § 26-52-302 • Ark. Code Ann. § 26-63-401 et seq.
California	No state tax. All lodging taxes levied at the local level.			
Colorado	Sales and Use Tax	2.9%	30 days or less	• Colo. Rev. Stat. Ann. § 39-26-102 • Colo. Rev. Stat. Ann. § 39-26-104
Connecticut	Sales and Use Tax	15%	30 days or less	Conn. Gen. Stat. Ann. § 12-408
Delaware	Lodging Tax	8%	4 months or less	Del. Code Ann. tit. 30, § 6101 et seq.
District of Columbia	Sales and Use Tax	15.95%	Applies regardless of length of stay	• D.C. Code Ann. § 47-2001 • D.C. Code Ann. § 47-2002 • D.C. Code Ann. § 47-2002.02 • D.C. Code Ann. § 47-2002.03a
Florida	Sales and Use Tax	6%	6 months or less	• Fla. Stat. Ann. § 212.03 • Fla. Admin. Code R. 12A-1.061
Georgia	Sales and Use Tax	4%	90 days or less	Ga. Code Ann. § 48-8-30
Hawaii	General Excise Tax Transient Accommodations Tax	4% general excise tax and 10.25% gross rental transient accommodation tax	180 days or less	• Haw. Rev. Stat. § 237-13 • Haw. Rev. Stat. Ann. § 237D-2
Idaho	Sales and Use Tax Travel and Convention Tax	6% sales tax and 2% travel and convention tax	30 days or less	• Idaho Code Ann. § 63-3612 • Idaho Code Ann. § 67-4718 • Idaho Admin. Code R. 35.01.02.025
Illinois	Hotel Operators' Occupation Tax	6%	30 days or less	35 Ill. Comp. Stat. Ann. 145/1 et seq.
Indiana	Sales and Use Tax	7%	29 days or less	• Ind. Code Ann. § 6-2.5-2-1 • Ind. Code Ann. § 6-2.5-4-4
Iowa	Hotel and Motel Tax	5%	31 days or less	Iowa Code Ann. § 423A.1 et seq.
Kansas	Sales and Use Tax	6.5%	28 days or less	• Kan. Stat. Ann. 79-3603 • Kan. Stat. Ann. 36-501 • Kan. Admin. Regs. § 92-19-24

State	State Lodging Tax(es)	State Lodging Tax Rate	Length of Stay Subject to Tax	Citation
Kentucky	Sales and Use Tax Transient Room Tax	6% sales tax and 1% transient room tax	30 days or less	• Ky. Rev. Stat. Ann. § 139.200 • Ky. Rev. Stat. Ann. § 142.400
Louisiana	Sales and Use Tax	4.45%	Applies regardless of length of stay	La. Rev. Stat. § 47:301
Maine	Sales and Use Tax	9%	27 days or less	• Me. Rev. Stat. Tit. 36, § 1811 • Maine Instructional Bulletin No. 32
Maryland	Sales and Use Tax	6%	4 months or less	• Md. Code, Tax-Gen. § 11-101 • Md. Code Regs. 03.06.01.23
Massachusetts	Room Occupancy Tax	5.7%	90 days or less	Mass. Gen. Laws Ann. ch. 64G, § 1 et seq.
Michigan	Sales and Use Tax	6%	30 days or less	• Mich. Comp. Laws Ann. § 205.93a • Mich. Admin. Code R. 205.88
Minnesota	Sales and Use Tax	6.875%	30 days or less	Minn. Stat. Ann. § 297A.61
Mississippi	Sales and Use Tax	7%	90 days or less	• Miss. Code Ann. § 27-65-23 • Miss. Code Ann. § 27-65-23.1
Missouri	Sales and Use Tax	4.225%	30 days or less	Mo. Code Regs. Tit. 12, § 10-110.220
Montana	Lodging Facility Sales and Use Tax	4%	30 days or less	• Mont. Code Ann. § 15-65-101 et seq. • Mont. Code Ann. § 15-68-101
Nebraska	Sales and Use Tax State Lodging Tax	5.5% state sales tax and 1% lodging tax	30 days or less	• Neb. Rev. Stat. Ann. § 77-2701.33 • Neb. Rev. Stat. Ann. § 81-3715 • 316 Neb. Admin. Code, Ch. 1, § 005 • 316 Neb. Admin. Code, Ch. 1, § 046
Nevada	No state tax. However, the state requires local governments to levy two separate taxes on rental of transient lodging, depending on population size of county. The state then receives 3/8ths of the revenues from those local taxes.			
New Hampshire	Meals and Room Tax	8.5%	185 days or less	N.H. Rev. Stat. Ann. § 78-A:3 et seq.
New Jersey	Sales and Use Tax Hotel and motel occupancy fee	6.625% sales tax and 5% occupancy fee	90 days or less	• N.J. Stat. Ann. § 54:32B-2 • N.J. Stat. Ann. § 54:32B-3 • N.J. Stat. Ann. § 54:32D-1
New Mexico	Gross Receipts Tax	5.125%	30 days or less	N.M. Stat. Ann. § 7-9-3.5
New York	Sales and Use Tax	4%	90 days or less	N.Y. Tax Law § 1105
North Carolina	Sales and Use Tax	4.75%	90 days or less	• N.C. Gen. Stat. Ann. § 105-164.4 • N.C. Gen. Stat. Ann. § 105-164.4F

State	State Lodging Tax(es)	State Lodging Tax Rate	Length of Stay Subject to Tax	Citation
North Dakota	Sales and Use Tax	5%	30 days or less	• N.D. Cent. Code Ann. § 57-39.2-02.1 • N.D. Cent. Code Ann. § 57-40.2-02.1
Ohio	Sales and Use Tax	5.75%	30 days or less	• Ohio Rev. Code Ann. § 5739.01 • Ohio Rev. Code Ann. § 5739.02
Oklahoma	Sales and Use Tax	4.5%	Applies regardless of length of stay	• Okla. Stat. Ann. tit. 68, § 1354 • Okla. Admin. Code § 710:65-19-143
Oregon	Transient Lodging Tax	1.8%	30 days or less	Or. Rev. Stat. Ann. §§ 320.305 - 320.340
Pennsylvania	Hotel Occupancy Tax	6%	30 days or less	61 Pa. Code § 38.1 et seq.
Rhode Island	Sales and Use Tax	6%	30 days or less	• R.I. Gen. Laws § 44-18-7 • R.I. Gen. Laws § 44-18-18
South Carolina	Sales and Use Tax Accomodation Tax	5% sales tax and 2% accomodation tax	90 days or less	S.C. Code Ann. § 12-36-920
South Dakota	Sales and Use Tax Tourism Tax	4.5% sales tax and 1.5% tourism tax	28 days or less	• S.D. Codified Laws § 10-45D-1 • S.D. Codified Laws § 10-45-7
Tennessee	Sales and Use Tax	7%	90 days or less	Tenn. Code Ann. § 67-6-205
Texas	Hotel Occupancy Tax	6%	30 days or less	• Tex. Tax Code Ann. § 156.101 • Tex. Tax Code Ann. § 156.001 et seq.
Utah	Sales and Use Tax State Transient Room Tax	4.7% sales tax and 0.32% transient room tax	30 days or less	• Utah Code Ann. § 59-12-102 • Utah Code Ann. § 59-12-103 • Utah Code Ann. § 59-28-101 et seq.
Vermont	Meals and Room Tax	9%	30 days or less	• Vt. Stat. Ann. tit. 32, § 9202 • Vt. Stat. Ann. tit. 32, § 9241
Virginia	Sales and Use Tax	4.3%	90 days or less	• Va. Code. Ann. § 58.1-602 • Va. Code. Ann. § 58.1-603 • 23 Va. Admin. Code 10-210-4040
Washington	Sales and Use Tax	6.5%	30 days or less	• Wash. Rev. Code Ann. § 82.04.020 • Wash. Rev. Code Ann. § 82.08.050 • Wash. Admin. Code 458-20-166
West Virginia	Sales and Use Tax	6%	30 days or less	• W. Va. Code Ann. § 11-15-2 • W. Va. Code Ann. § 11-15-6 • W. Va. Code R. § 110-15-38 • West Virginia Publication TSD-435
Wisconsin	Sales and Use Tax	5%	30 days or less	• Wis. Stat. § 77.52(2)(a)(1) • Wis. Admin. Code Tax § 11.48(2)
Wyoming	Sales and Use Tax	4%	30 days or less	Wyo. Stat. Ann. § 39-15-103

The impact of lodging taxes on accommodation services is a contentious issue, with opponents arguing that such taxes may undermine the competitiveness of certain properties, especially in places with higher lodging tax rates. Research demonstrates that lodging taxes can have a disproportionate effect on travelers' decisions. Major differences in lodging tax rates between areas may lead travelers to forgo renting a short-term rental in one area and choose another instead. This could have a ripple effect on the broader local economy, with fewer travelers staying in nearby accommodations and potentially spending less on nearby retail and restaurant businesses. Some research shows that large groups and events may be more sensitive to lodging tax rates than individual travelers, suggesting conventions and other large gatherings may be affected by increased lodging tax rates.

On the other hand, lodging taxes are ubiquitous across the U.S. with proponents arguing in favor of them for a variety of reasons. One major reason is that lodging taxes typically provide funding for state and local tourism marketing. States view these advertising efforts as helpful to attract and promote tourism within states, helping states and localities define and expand their brand to the overall benefit of their tourism industries. Research also shows that although lodging taxes comprise a small amount of total revenue as a percentage, they are an important non-property tax revenue source for local governments and support billions in outstanding municipal debt. In addition, state and local governments often utilize lodging taxes as an indicator to monitor trends within their communities and help estimate the economic impacts of tourism. Ultimately, lodging taxes offer state and local governments a way to generate revenue from travelers, shifting the tax base away from residents at the margins.

Conclusion

Regulation and taxation of short-term rentals have become focal points for state and local policymakers, reflecting the evolving dynamics of the tourism industry and its impact on housing markets. States are increasingly exploring innovative tax policies to maximize revenue from short-term rentals while addressing concerns about housing availability and tax fairness. For instance, Colorado lawmakers are considering different classifications for certain short-term rentals to boost local government revenues, promote equity with traditional lodging businesses and address housing shortages in mountain communities.

However, the debate surrounding short-term rentals extends beyond taxation, with some jurisdictions contemplating measures like outright bans, as seen in Hawaii. A significant concern raised against short-term rentals revolves around their influence on local housing markets. Critics argue short-term rentals exacerbate housing affordability issues, particularly in areas with limited housing stock. While short-term rentals proponents highlight their economic contributions and tax revenue benefits, research suggests a nuanced relationship between short-term rentals and housing costs, influenced by numerous factors including regulatory frameworks and housing policies.

Moving forward, striking a balance between regulating short-term rentals to mitigate negative housing market impacts, and harnessing their economic potential, remains a key challenge for policymakers. Solutions may involve implementing more stringent regulations rather than outright bans, coupled with initiatives to address broader housing market dynamics. Ultimately, finding effective strategies requires comprehensive consideration of diverse stakeholder perspectives, local contexts and the overarching goals related to housing affordability and economic sustainability.