

- What is the Sharing Economy?
- State of Play in Lodging & Airbnb's Footprint
- Airbnb Tax Remittance Landscape
- Ideas for Sharing Economy Lodging Tax Principles
- Intersection with Taxation of Online Travel Cos.

Short-Term Online Rental Marketplace (STORM)

STORM Segments

Home and Room Sharing

- Airbnb, OneFineStay



Vacation Rentals

- VRBO, HomeAway, FlipKey
- Preferred network for property managers



AIRBNB NOW LISTS MORE ROOMS THAN HILTON

May 11, 2015 | Billy Gray, Bisnow ✉



- **Airbnb:**
 - \$25 billion valuation
 - 2014: \$4 billion in gross bookings
 - 2015: \$900 million in projected fee revenues
 - Hosts in 191 countries and 34,000 cities
 - STORMs everywhere



- 1.7 million units listed by “hosts” worldwide
(Marriott: 750,000 rooms)
- NYC: 30,000 nightly Airbnb listings; 8% of nightly stays
(Marriott: 13,000 rooms)
- NY AG: 40% of listings by hosts with three (3) or more listings (i.e., commercial landlords)
- San Francisco: 40% of revenue from hosts with multiple listings
- Los Angeles: 89% of company’s revenue from professional landlords; 11,000 units listed
(Marriott: 12,400 rooms)

- Web of Policy Considerations and Stakeholders
 - “Host” Registration and Enforcement
 - Illegal Hotels/Commercial Operations
 - Zoning (non-)Compliance
 - Insurance
 - Safety, Crime and Human Trafficking
 - Jobs and Labor
 - Housing Supply and Rising Costs
 - Host Income
 - Tax: Sales & Occupancy; Income; Real Estate
- Case Study: San Francisco Proposition F

- Post-Prop F: “Airbnb Community Compact”
- Airbnb Preemptive “Tax Collection Agreements”
- Current Tax Collection/Remittance Landscape
 - 10-12 U.S. cities’ local taxes (Chicago, DC, SF, Philly, Phoenix, Portland)
 - North Carolina (state sales + city/county occupancy)
 - Washington (7-9.6% combined sales tax)
 - Florida (6% Transient Rental Tax + rural counties’ Tourist Development Tax; to begin Dec. 1)

“We want to pay taxes, we’re happy to pay taxes, we want to contribute. When we can collect and remit, it’s a great thing for a city.”

- Chris Lehane, head of global policy, Airbnb (KQED 11/6/15)

- Sticking Points:
 - Anonymous Data vs. Auditable, Verifiable Data
 - Tax 1st, Regulate Later (if ever) unlikely to work

- **Potential Sharing Economy Lodging Tax Principles**
 - Tax codes must support/enforce zoning codes and applicable regulations
 - Sharing platforms must provide auditable, verifiable data
 - Total retail price paid by guests for rental (inclusive of STORM fees) forms taxable basis
 - STORM platforms conducting transaction should facilitate tax collection and remittance

- **Intersection with Online Travel Co. Issues**
 - Airbnb a competitive threat to OTCs
 - Lower commission costs; budget/leisure traveler focused
 - Expedia moving into STORM space
 - Acquisition of Homeaway
 - Will the OTC position on lodging tax remittance bleed into the STORM marketplace?
 - Taxable basis should be total retail room rate paid by guests, inclusive of mandatory fees

California Senate Bill 593 (McGuire, D-Healdsburg)

- This bill will reinforce local ordinances by requiring short-term online rental platforms to disclose information (address of host rental, amount of nights stayed, and amount paid by the visitor) to the cities and counties-similar to the way hotels currently report their TOT.
- Will prohibit platforms from facilitating a residential rental if the transaction would violate a local ordinance.
- Cities and counties will have the ability to opt out of their information disclosure process at their discretion.

Support: Vast coalition of labor, hotels, public safety and public officials including: AFSCME, AFL-CIO, CH&LA, AAHOA, CA State Assoc. of Counties, CA Professional Firefighters, CA Apartment Association, CA Association of County Treasurers and Tax Collectors, UNITE HERE

Opposition: Airbnb, Consumer Watchdog, Internet Association, TechNet