

**Georgia House of Representatives**  
**House Study Committee on Short-Term Rental Providers**

**Members of the Committee**

**Representative Terry Rogers, Chairman**

Representative Matt Dollar

Representative Spencer Frye

Representative Jan Tankersley

Representative Tom Taylor

**Staff**

**Brian Groome**

Policy Analyst

House Budget and Research Office

## Introduction

HR 810, adopted during the 2015 legislative session, established the House Study Committee on Short-Term Rental Providers. The committee was chaired by Representative Terry Rogers and the other members of the committee included Representatives Matt Dollar, Spencer Frye, Jan Tankersley, and Tom Taylor. HR 810 tasked the committee with determining the best methods to ensure the safety of the public, prevent illegal practices, collect taxes on business activities, and otherwise properly regulate short-term rental providers. The committee was allowed a total of three meetings and utilized two of those meetings to hear from stakeholders and the final meeting to present its recommendations. The meetings were held in the Coverdell Legislative Office Building in Atlanta.

## Hearings

The House Study Committee on Short-Term Rental Providers met three times. The first meeting was held on Tuesday, September 22, 2015 in room 606 of the CLOB. During this meeting, the committee members were given the opportunity to express their interest in the subject as well as what they hoped to accomplish while being a part of the committee. The committee also heard testimony from the following:

- Jillian Irvin, Public Policy Director, Airbnb, Inc.
- Ashley Hodgini, Government Relations Specialist, HomeAway, Inc.
- Jim Sprouse, Executive Director, Georgia Hotel and Lodging Association (GHLA)
- Jennifer Herman, Assistant City Attorney, and Bridget Lidy, Director of Tourism Management and Ambassadorship, City of Savannah
- Public Comment
  - Jim Renner, St. Simon's Island resident
  - Holly McHaggee, President, Georgia Innkeepers Association
  - John Barbour, Director of Government Affairs, Georgia Association of Realtors

The second meeting was held on October 6, 2015 in room 506 of the CLOB. During this meeting the committee heard testimony from the following:

- Lynne Riley, Commissioner, and Amy Oneacre, Assistant Director of Tax Policy, Georgia Department of Revenue
- John Sours, Director, Consumer Protection Unit of the Georgia Department of Law
- Catherine Fleming, Government Relations Associate, Georgia Municipal Association (GMA)
- Shaun Adams, Associate Legislative Director, Association County Commissioners of Georgia (ACCG)
- Matt Kiessling, Director of Coalitions and Grassroots, The Travel Technology Association
- Robert Trim, Public Relations Liaison, The Asian American Hotel Owners Association
- Haydon Stanley, Government Relations Consultant, Georgia Apartment Association

- Lanier Coulter, Jr., Legislative Action Committee Chair, Georgia Chapter of the Community Associations Institute
- Public Comment
  - Peter Bassett, Airbnb host
  - Pamela and Mike Smith, Airbnb hosts
  - James Lane, Airbnb host
  - Alix Patino, Airbnb host

Written testimony was received from the following:

- Ben Edwards, President, Vacation Rental Managers Association
- Kirsten Simmons, Airbnb host

After hearing from various stakeholders, the committee had a solid understanding of the issues surrounding short-term rental providers. The common message received from the traditional lodging groups was that short-term rentals are able to compete for the same guests as traditional lodging without having to pay the same taxes/fees or meet the same health and safety and insurance requirements as traditional lodging. The short-term rental groups specified that they are not hotels and stated that one day they are a residence and the next they may be a short-term rental. However, the groups acknowledged the lack of health and safety requirements and generally agreed and welcomed fair and basic regulations including insurance requirements, basic safety requirements (smoke and carbon monoxide detectors, fire extinguishers), and occupancy limits, but disagreed with the idea that they are competing for the same guests. Many short-term rentals are located in areas where traditional lodging is not available, and guests of short-term rentals are not interested in traditional lodging because they would rather have the amenities provided by a residence. There are also instances where an annual event brings a significant influx of travelers to an area for a short period of time. During these times, short-term rentals are available to cover the excess. Several short-term rental groups mentioned the following statement of the United States Conference of Mayors: “onerous regulations of short-term rentals can drive the industry underground, thus evading local regulations and local hotel taxes”, and, “fair regulation of short-term rentals ensures greater compliance and greater receipt of local hotel taxes.”

Companies operating in the short-term rental market are not all alike. For instance, two major companies, Airbnb, Inc. and HomeAway, Inc. (VRBO, HomeAway, VacationRentals.com, and others), both act as a classified ad for short-term rentals, but one main distinction is that Airbnb, Inc. also processes payments. By processing payments, Airbnb has the ability to remit state and local taxes on behalf of the hosts and currently does in many localities and some states. Since HomeAway, Inc. does not utilize this same business model, it does not have the ability to remit taxes on behalf of the property owners.

The City of Savannah was the first city in Georgia to address the issue of short-term rentals. The Savannah City Council approved an ordinance regarding short-term rentals in November 2014. The ordinance addresses the unique features of Savannah in a way that protects the historical nature of the

city while also allowing for short-term rentals. There are also many Homeowner's Associations, Property Owner's Associations, Condo Owner's Associations, and Apartment complexes that currently regulate short-term rental activity through covenants or other rules.

The Georgia Department of Revenue explained what is currently required of short-term rentals, what it is doing to educate short-term rental owners, and what it sees as the largest challenge in dealing with short-term rentals. All short-term rental providers should be paying the state sales and use tax and local hotel/motel taxes. They were not able to provide an amount of tax generated from the industry in past years because the short-term rentals are included in the same NAICS code as traditional lodging. To help ensure that all taxes are being paid by short-term rental providers, the Department has held training sessions in Blue Ridge, an area highly utilized by the short-term rental market. In order to more easily collect taxes from short-term rentals, the department suggested a legislative change that would allow the commissioner to require the company listing the short-term rental to be responsible for paying the taxes associated with that rental.

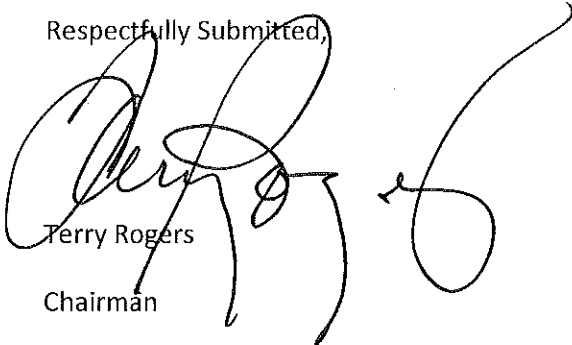
### **Committee Recommendations**

After a comprehensive review of the short-term rental market in Georgia, the committee understands the complexities that it entails. The fact that many of these properties are someone's primary or secondary residence and not a business asset is not lost. However, homeowner's who frequently utilize their primary or secondary residence as a reliable source of income, is in essence utilizing that property as a business asset. It is with that in mind that the committee has proposed the following recommendations for all short-term rentals that are rented for more than 15 days per calendar year:

- The committee understands the diversity present in Georgia cities and counties and recommends that regulations regarding the operation of short-term rentals be made at the local level.
- The committee would like to urge ACCG and GMA to draft recommended statewide safety and insurance minimums regarding short-term rentals.
- The committee views Homeowner's Associations, Property Owner's Associations, and Condo Owner's Associations as a hyper-local government and wants to continue to allow those organizations to govern short-term rentals through covenants.
- The committee recommends that the \$5 hotel/motel fee be extended to include short-term rentals.
- The committee would like to urge the Department of Revenue as well as all local revenue offices to enter into a Memorandum of Understanding with any short-term rental related business that processes payments to collect and remit the applicable taxes on the property owner's behalf.
- Although the committee understands the challenges facing the Department of Revenue, at this time the committee does not believe a legislative change that would allow the Commissioner of the Department of Revenue to mandate that all applicable taxes be paid by the company listing the property for rent is necessary. The committee would like for its recommendation to have time to be implemented and evaluated before any legislative changes are made.

- The committee would like to urge all short-term rental posting companies to incorporate an acknowledgment of tax liability when a property owner signs up to post their property.
- The committee recognizes that it is impossible to collect 100% of all state and local taxes due but would like to urge the Department of Revenue to continue to provide training regarding state taxes due on short-term rentals in communities with a high number of short-term rental properties. In addition, the committee urges all local entities to be aware of the short-term rental market in their area and to ensure that all local taxes due are collected.

Respectfully Submitted,

A large, stylized handwritten signature in black ink, appearing to read 'Terry Rogers', is written over the typed name and title.

Terry Rogers

Chairman