



# The Final Report of the Georgia House Study Committee on Short-Term Rental Providers

## Committee Members

### **Matt Dollar, Chairman**

Representative, District 45

### **Karla Drenner**

Representative, District 85

### **Spencer Frye**

Representative, District 118

### **Mark Newton**

Representative, District 123

### **Butch Parrish**

Representative, District 158

### **Dale Rutledge**

Representative, District 109

### **Ron Stephens**

Representative, District 164

HR 1398, adopted during the 2018 Legislative Session, established the House Study Committee on Short-Term Rental Providers. The committee was chaired by Representative Matt Dollar of the 45<sup>th</sup> district. Other members of the committee included Representatives Karla Drenner of the 85<sup>th</sup> district, Spencer Frye of the 118<sup>th</sup> district, Mark Newton of the 123<sup>rd</sup> district, Butch Parrish of the 158<sup>th</sup> district, Dale Rutledge of the 109<sup>th</sup> district, and Ron Stephens of the 164<sup>th</sup> district. HR 1398 tasked the committee with conducting a study to determine 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 resolution allowed the committee a total of three meetings, however, with permission from Speaker Ralston a fourth meeting was held. The committee utilized all of its meetings to hear testimony from stakeholders in the industry. Two meetings were held in Atlanta at the State Capitol on November 8 and November 18; other meetings were held in Savannah on November 10 and in Athens on December 9.

During the November 8<sup>th</sup> meeting the committee heard testimony from the following stakeholders:

- Jim Sprouse - Georgia Hotel and Lodging Association
  - Mr. Sprouse spoke to the committee and provided a handout which included the association's perspective on the short-term rental industry and its concerns. Those concerns include the following:
    - Protecting consumers by ensuring certain safety and security features are present at short-term rental properties;
    - Safeguarding communities by ensuring there is basic oversight of short-term rental properties; and
    - Creating a level playing field by ensuring short-term rental properties operate under the same rules and pay the same taxes as traditional lodging establishments.
- Troy Flanagan - American Hotel and Lodging Association
  - Mr. Flanagan presented his association's concerns and recommendations regarding the short-term rental industry, which included allowing cities to require registration of short-term rental properties, but capping any fines that may be assessed. He also expressed concern with investors buying multiple units in condominium buildings and running them like a hotel.
- Larry Ramsey - Association County Commissioners of Georgia
  - Mr. Ramsey testified to the committee that there are currently 11 counties in Georgia with ordinances pertaining to short-term rental properties. The association is concerned with short-term rental owners paying the sales or hotel/motel taxes they are required to pay and the inequity created by short-term rental properties not being required to pay the hotel/motel fee of five dollars per night. Mr. Ramsey also stated that the Georgia Code prohibits registering of residential properties.
- Michael McPherson - Georgia Municipal Association
  - Mr. McPherson addressed the committee and emphasized the need to ensure public safety and provide a level playing field in the lodging industry. He suggested licensing

short-term rentals and requiring them to pay the same taxes as traditional lodging establishments.

- Andrew McConnell - Rented.com
  - Rented.com connects short-term rental property owners to short-term rental management companies. Testifying on the company's behalf, Mr. McConnell stated that short-term rentals provide a different lodging option than traditional hotels and the increase in popularity was caused by a change in consumer preference. Despite this being a rapidly growing industry, hotel occupancy rates are also at a 30-year high. Mr. McConnell supports reasonable regulations on short-term rental properties as well as requiring property owners to pay all applicable taxes.
- Kati Siconolfi - Asian American Hotel Owners Association
  - According to Ms. Siconolfi, the Asian American Hotel Association represents 18,000 hoteliers nationwide and 800 hoteliers in Georgia. While the association supports competition, including home sharing, there is a difference between an individual renting their home and a commercial operator renting several residences. She stressed that there should be a level playing field whether you are a commercial operator or a hotelier.
- Terry Lawler - Greene County Chamber of Commerce
  - Mr. Lawler addressed the committee and provided a background on Greene County and its unique characteristics. Greene County has adopted an ordinance pertaining to short-term rentals. Mr. Lawler testified that all policies or ordinances should be developed at the local level.
- Jeff Ledford - Georgia Association of Realtors
  - Mr. Ledford presented to the committee and voiced his concerns regarding private property rights. Individuals sometimes purchase properties with the expectation of renting in the short-term rental market. When local governments make new ordinances prohibiting or restricting short-term rentals the extra income property owners were expecting is not generated. Most of these rental properties are not commercial operations, rather they are homeowners who are renting out their home for a portion of the year. This does not compete with the hotel industry.
- Gary Knight - Cabin Rentals of Georgia
  - Mr. Knight spoke to the committee and stated that Fannin County registers each short-term rental property owner to ensure that they are aware of the tax liabilities associated with renting on a short-term basis. His management company requires property owners to have liability insurance. He also stated that Blue Ridge does not have enough hotel rooms to meet the demand of travelers.
- Steve Guello - Boat club member
  - Mr. Guello spoke to the committee regarding the unique impact short-term rental restrictions have had on Lake Lanier. According to Mr. Guello, the boating community prefers to stay in short-term rental housing on the lake rather than having to trailer their boats every night or stay on their boat through the weekend. When boaters have

to stay on their boats all day there tend to be more accidents due to exhausted boaters as safe boating is done in smaller doses.

- Jason Stenner, Donna Bellamy, Norei Smith, Claire Barnes, Rich Munroe, Su Le - Airbnb hosts
  - Multiple Airbnb hosts spoke individually to the committee and shared their personal stories of renting their homes to short-term guests. A common theme of their presentations was that they serve a niche for guests who cannot have their needs met by a hotel. As examples, those needs include hotels not being able to accommodate a large family that desires to all stay together and a film crew that needs to stay comfortably for weeks at a time. Another common theme was that the use of the rating system has ultimately led to bad actors being forced out of the business.
- Al Webster - Realtor, Lake Lanier resident
  - Mr. Webster spoke to the committee and suggested that local control and oversight should be allowed and encouraged, but also warned that the local governments do need some oversight as well. Local governments should not be able to directly or indirectly outlaw short-term rentals through overly burdensome regulations. Property owners have rights to their property and those rights should extend to being able to rent on a short-term basis.

During the November 10th meeting the committee heard testimony from the following stakeholders:

- Alderman Bill Durrence – City of Savannah
  - Mr. Durrence spoke to the committee and described the City of Savannah’s short-term rental policy. He stated that it is important not to change the neighborhood to match what travelers want because that will lessen the authenticity of the experience of staying there. The city’s short-term rental program allows for an unlimited number of short-term rental properties in commercial zones, but limits the number of short-term rental properties to 20 percent in residential zones. Each short-term rental property owner must apply for a certificate. That certificate number must then be posted on each short-term rental posting. Certificates may be continued to future owners and can only be issued to the owner of the property.
- Jim Sprouse – Georgia Hotel and Lodging Association
  - Mr. Sprouse shared a copy of a study by Dan R. Bucks, the former Director of the Montana Department of Revenue (2005-2013) and former Executive Director of the Multistate Tax Commission (1988 – 2004), titled Airbnb Agreements with State and Local Tax Agencies; A Formula for Undermining Tax Fairness, Transparency and the Rule of Law.
- Melinda Allen, Chassidy Malloy, Matthew Hallett – Savannah Downtown Neighborhood Association
  - Members of the Downtown Neighborhood Association spoke to the committee regarding their experiences with short-term rentals. Their experiences varied and included having concerns for their own safety when short-term rental guests next door had a bonfire in the backyard; having a harder time finding long-term rental housing due

to more properties being utilized for short-term rentals; and feeling a loss of community as there are fewer permanent residents that come together to decorate the squares for holidays or clean-up after natural disasters. They also made the following suggestions:

- Allow only owner-occupied rentals;
  - Allow the permits to expire;
  - Lower the number of permits available; and
  - Require a local check-in process.
- Paul Seago – Expedia Group (HomeAway and VRBO)
    - Mr. Seago addressed the committee and made the following statements:
      - The City of Savannah did a great job creating an ordinance that met the specific needs of the city; however not all cities have been as reasonable in their ordinances.
      - He supports the state providing a base minimum requirement for short-term rentals but believes it is important to allow local governments the flexibility to meet the unique needs of each of their communities.
      - HomeAway and VRBO require owners to acknowledge that taxes are due and they collect and remit taxes, paid by renters, to the owners. It is the owners' responsibility to remit the taxes to the proper taxing authorities.
      - HomeAway and VRBO provide \$1 million in liability insurance coverage to each property listed on their websites.
  - Jason Combs – Thomas Square Neighborhood Association
    - Mr. Combs provided feedback as a resident on the City of Savannah's ordinance and suggested that the permits should expire after a number of years and that short-term rentals should be allowed in blighted areas of Savannah as an incentive to renovate.
  - Michael McPherson – Georgia Municipal Association
    - Mr. McPherson addressed the committee and stated that short-term rentals should be registered as businesses and pay taxes as businesses including occupational, sales, and hotel/motel taxes. He also stated that short-term rentals should be considered as different than long-term rentals. When asked about whether short-term rentals in Augusta and Athens, where homes are often only rented during times of peak tourism (The Master's and UGA football games), should be considered businesses he responded by saying that flexibility is essential and each city will have different needs but regulation should be allowed for all.
  - Larry Ramsey – Association County Commissioners of Georgia
    - Mr. Ramsey spoke to the committee and stressed the fact that each community has different needs and anything the state does should allow for flexibility.
  - Monty Parks – Tybee Island City Council
    - Councilman Parks spoke to the committee and stated that Tybee Island passed an ordinance on short-term rentals in 2015. That ordinance requires the properties to be registered at a cost of \$100. Thirty three percent of homes on Tybee Island are registered as short-term rental properties and most of those homes are managed

through a short-term rental management company. Mr. Parks stressed the importance of local control of short-term rentals and questioned the unintended consequences that may come from being labeled as a business including possibly being subject to food preparation regulations or ADA requirements. He also suggested that the state provide resources to audit whether all property owners who are renting on a short-term basis are registered with the city and that the Georgia Municipal Association should offer a course on short-term rentals.

- Walt Freeman – Savannah Real Estate Broker
  - Mr. Freeman addressed the committee from the unique perspective of having experience with short-term rentals in both the Savannah area as well as Greene County. He stated that the Greene County ordinance has essentially banned short-term rentals and that, in general, as regulations increase second home buyers will be pushed out of areas and investors will come in. From his understanding, the number of short-term rentals in Savannah is inflated because as talk of the city outlawing short-term rentals spread, property owners applied for permits; however many of those owners do not actively rent their properties. He also stated that there is no merit to the claims that short-term rental properties are more of a nuisance to neighbors than long-term rentals or full-time residents. He then provided data from police phone calls and indicated that of the 20,000 received over a period of time, only 10 were related to short-term rental properties.
- Amy Gaster and Dustin Church – Tybee Vacation Rentals
  - Ms. Gaster and Mr. Church spoke to the committee from the perspective of a short-term rental management company located on Tybee Island. They stated that short-term rentals are a residential use of the properties and emphasized that no financial transactions occur on the properties. Most of the properties they manage are independently owned, not owned by large investors, and the income generated from renting has allowed many owners to keep their homes during difficult economic times. Tybee Island only has 500 hotel rooms so short-term rental properties are essential to the community. The state should implement guidelines for safety standards, but not be too specific. When asked what percentage of short-term rentals do not use management companies, they responded by saying that most are and they would suggest requiring a local agent for short-term rentals.

During the November 18th meeting, the committee focused on short-term vehicle rentals and heard testimony from the following stakeholders:

- Scott Ennis and Dan Miller – Enterprise Holdings
  - Mr. Ennis and Mr. Miller expressed their desire for a level playing field between peer to peer rental of vehicles and traditional car rental companies. Traditional car rental companies are required to remit taxes back to each local taxing jurisdiction while peer to peer renters are not. Both platforms should also be required to meet the same safety

standards including tracking all recalls and ensuring properly functioning tires and brakes.

- Dusty Brighton – Turo
  - Mr. Brighton provided the committee with details on Turo, which is one of the largest car sharing platforms available. Turo is available in 5,500 cities and 49 states. They have had over seven million customers and have 7,700 hosts in Georgia. It is Turo’s position that they are not a rental car company. They provide the state minimum insurance on each vehicle rented through their platform. He also stated that there isn’t a level playing field because rental companies only pay 1.25 percent title ad valorem tax rather than the full seven percent the owners of vehicles listed on Turo paid.
- Ashley Groome – McGuireWoods Consulting, representing Hertz
  - Ms. Groome spoke to the committee and echoed the remarks from Mr. Ennis and Mr. Miller. She testified that Georgia Code defines a rental car company as offering five or more cars for rent and that Turo does meet that definition. Ms. Groome also suggested that the committee review legislation recently passed in Illinois and Maryland.
- Megan Middleton – City of Atlanta
  - Ms. Middleton stated that the city is not able to regulate peer to peer rental of vehicles like they are able to regulate rental car companies. This has caused the city to miss out on taxes and fees that rental car companies pay. In May of 2018, the city sent a cease and desist letter to Turo. Turo responded by saying that they are not a rental car company.
- Michael McPherson – Georgia Municipal Association
  - Mr. McPherson spoke about e-scooters and suggested that the state provide guidance through the Code as the rental of e-scooters is currently not addressed and the cities are looking for direction.

During the December 9th meeting the committee heard testimony from the following stakeholders:

- Jeff Ledford – Georgia Association of Realtors
  - Mr. Ledford shared his concern that the local governments are not consistent in their regulation of short-term rentals. He wants to be able to ensure that short-term rentals can continue and is concerned about over-regulation.
- Representative Jodi Lott
  - Representative Lott spoke to the committee and explained the need for short-term rentals in her district and, specifically, Augusta. In Augusta homeowners meet the demand for annual events like The Master’s and half iron man competition. These homeowners do not rent their properties year round, but rather once or twice a year. These rentals make up for a lack of adequate traditional lodging in the area.
- Kenyatta Mitchell – Paramount Consulting, representing Expedia Group (HomeAway and VRBO)
  - Ms. Mitchell addressed the committee and spoke to the need for consistency in regulating short-term rentals. She also stated that the number of short-term rental properties is not significant enough to disrupt the long-term rental market and that in

some cases being able to rent one's home has allowed that homeowner to make the mortgage payments and stay in that home.

- **Corey Jones – Short-term rental property manager**
  - Mr. Jones currently manages nearly 200 homes in the Savannah area and has 40- 50 employees. Sixty five percent of his homeowners reside in Savannah and 75 percent of their guests are Georgians. He stated that short-term rentals are not pushing people out but rather bringing people in. The recent addition of student housing has left homes that were used for students vacant. He supported the 2015 version of the City of Savannah's ordinance regarding short-term rentals, but the 2017 revisions of the ordinance which intended to reduce the number of short-term rentals went too far. When asked whether short-term rental properties are a commercial or residential use he answered that they are residential properties. He went on to say that many guests stay for over 30 days and that they are not full time rentals, as the owners stay at the properties as well.
- **Bob Eskew – Short-term rental property owner in Cumming**
  - Mr. Eskew described his experience renting his properties on a short-term basis. He stated that 50 percent of rentals are business people and most others are in town visiting family. He indicated that Forsyth County is currently looking into regulating short-term rentals. He encouraged Forsyth County and state officials to think of short-term rentals as a new technology and to be careful not to regulate the industry out of business.
- **Jim Laine – Greene County resident**
  - Mr. Laine spoke to the committee and described his experience living next to a property that was purchased by an investor who rents the house to large groups. He emphasized to the committee that every county is unique and statewide regulation will not work.
- **Rich Munroe – Airbnb host**
  - Mr. Munroe introduced himself to the committee again and stated that he would be available as a resource to them moving through this process.
- **Al Webster – Realtor, Lake Lanier resident**
  - Mr. Webster addressed the committee and stated that hotel capacity on Lake Lanier is not able to meet the peak seasonal demand that comes during the summer months. The majority of the shoreline of Lake Lanier is in Forsyth and Hall Counties. Hall County has a short-term rental ordinance that is reasonably fair and balanced while Forsyth County's proposed ordinance is unreasonable and onerous. The proposed ordinance would require a seven day minimum stay, a maximum of two weeks rented per month for each property, and require a conditional use permit. He believes the state should have regulations to prevent counties from essentially outlawing short-term rentals.
- **Ian Trenbeath – Short-term rental property owner**
  - Mr. Trenbeath stated that rules that are consistent and clearly defined are necessary. He has owned long-term rental properties and short-term rental properties and the problems with neighbors can come from either.

- Leonard Joseph – Airbnb
  - Mr. Joseph provided the following statistics to the committee:
    - There are 12,000 Airbnb hosts in Georgia.
      - 4,500 of those are designated as superhosts.
    - 85 percent of owners have one property on Airbnb.
    - 9 percent of owners have two properties on Airbnb.
    - 50 percent of guests are from Georgia or surrounding states.
    - 38 percent of stays are seven days or longer.

When asked how Airbnb handles complaints from neighbors, he stated that there is a link on the Airbnb website that allows neighbors to complain about properties. They monitor those complaints and then work with the owner and renter to address the concerns. Mr. Joseph also stated that the rating system is used to promote owners with good track records by posting properties with higher ratings at the top of the list. If a property rating drops to 2.0, the owner must be retrained before the property can be relisted.

The committee finds that the state would benefit from over-arching regulations regarding short-term property rentals to ensure uniform guidance while also allowing local governments the flexibility to craft ordinances based on the needs and characteristics of their communities. Furthermore, as with other emerging industries created and enhanced by mobile technologies, enforceable policies need to be put in place to ensure appropriate taxes are collected on short-term rental properties; this includes local hotel/motel taxes, state and local sales taxes, as well as extending the \$5 per night hotel/motel fee to short-term rental properties.

Regarding peer to peer short-term automobile rentals, the committee does not, at this time, have adequate information to require additional regulation for this industry. However, the committee does recognize the safety concerns associated with peer to peer short-term automobile rentals and supports having more research conducted on the industry. The committee does recommend that the tax Code be updated to include peer to peer short-term automobile rentals to ensure parity with traditional car rental companies.

Respectfully Submitted,

Matt Dollar

Chairman