



Friday, January 29, 2016

Capitol Contact ALERT – Proposed limited residency bills raise safety, zoning and tax concerns

Several bills that allow property owners to rent out their homes or rooms are raising concerns over the safety of people renting the rooms, the preemption of local zoning authority and loss of tax revenue.

[HB 812 \(Peace\)](#) and [SB 416 \(Vogel\)](#) establish state mandated law governing short-term rentals in residential area through hosting platforms such as Airbnb, FlipKey and other Internet websites.

The bills –

- Preempt local zoning requirements by providing that these limited residential lodgings cannot be restricted by local ordinances addressing this use.
- There is no authority for a local zoning administrator to inspect the properties or to know that these properties have the Airbnb Use.
- Provide that property owners renting their property through these platforms must have smoke alarms and provide information on noise ordinances, trash collection, emergency numbers, etc., to renters, but includes no mechanism for the locality to know which properties are rented and therefore no mechanism for enforcement of these requirements.
- Exempt property owners who rent space in their residence for a certain number of days in a year from the definition of a business.
- Provide that property owners are required to remit taxes or, alternatively, Airbnb or other “hosting platforms” may enter into an agreement with the

Department of Taxation to remit taxes.

- The bills allow the Department of Taxation some authority to audit, but prohibits the department from sharing any information on the transactions with localities. Further, the audit will be conducted on the basis of anonymous numbered accounts and will not include any personally identifiable information.
- Commissioners of the Revenue or other local tax assessors are specifically prohibited from auditing the businesses.

[HB 1268 \(Taylor\)](#) and [SB 751 \(DeSteph\)](#) regulate limited residential lodging but allow localities to retain some local zoning authority. Like the other two bills, HB 1268 and SB 751 have taxes remitted to the state Department of Taxation. The bills, however, allow localities to require that units be registered with the locality and that the owner provides evidence annually that state and local taxes were collected.

The [Senate Finance Committee](#) will consider [SB 416 \(Vogel\)](#) and [SB 751 \(DeSteph\)](#) next week. Please contact legislators on the [Senate Finance Committee](#) to **oppose** these bills.

TALKING POINTS

- [This chart provides detailed analysis for review.](#)
- The bills usurp local zoning authority and preclude local residents from determining how to regulate these types of enterprises.
- The auditing requirements are weak, and there is no way for localities to know whether Tax has returned the correct local sales tax.
- The locality has knowledge of the location and limited authority to protect the health and safety of the consumers.
- In crowded urban areas where parking is at a premium, unregulated operations of this type will make parking availability even more difficult for full-time residents.

KEY CONTACTS

[Senate Finance Committee](#): [Norment \(Co-Chair\)](#), [Hanger \(Co-Chair\)](#), [Howell](#), [Saslaw](#), [Lucas](#), [Newman](#), [Ruff](#), [Wagner](#), [McDougle](#), [Vogel](#), [Carrico](#), [Alexander](#), [Obenshain](#), [Barker](#), [Dunnavant](#)

VACo Contact: [Dean Lynch, CAE](#) and [Phyllis Errico, CAE](#)