

Finance Committee Report

RE: AirBnB contract

Date: May 14, 2019

Chair: Christopher Etori

Other committee members present: Aldermen Humphrey, Reveal, Whitcomb

Other Aldermen present: DePoy, Mattis, Tommola, Board President Davis

Others present:

Mayor Allaire

Treasurer Mary Markowski

City Attorney Matt Bloomer

Planning & Zoning Administrator Tara Kelly

The meeting convened at 6:05 pm to discuss the proposed contract with AirBnB by which the city, starting July 1, 2019, would receive the 1% Rooms, Meals, and Entertainment (RME) Tax due from short term rentals that use the AirBnB software platform. This contract will ensure that AirBnB will collect the RME tax for those rentals within the city in one of two ways: 1) AirBnB collects the RME tax from guests based on the host's rate and remits it directly to the city in aggregate, or 2) AirBnB collects the total charges from guests, including the RME tax, and remits it to the "Registered Host," those hosts that register and pay the city directly. Registered hosts then remit to the city along with their other payments to the city.

Alderman Humphrey mentioned that while some hosts might not be happy with AirBnB collecting taxes, these taxes are currently owed to the city but the city has not had an effective way of collecting them until now. Alderman Tommola asked about any issues that might arise from Rutland City and Rutland Town sharing the same zip code, to which Attorney Bloomer replied that AirBnB uses a 3<sup>rd</sup> party to review properties and ensure that the proper taxes and fees are collected and remitted to the proper entities. The chair asked if this contract helped us identify which properties are using AirBnB for short-term rentals, to which Attorney Bloomer noted that it does not, as the addresses of the properties and the hosts are anonymous, however the contract also does not impede the city's ability to regulate short term rentals. The chair also asked how often we will receive the revenue, to which Treasurer Markowski replied that we should receive it monthly. President Davis noted that this information could be useful in our marketing efforts if we were able to identify times of the year that were a draw for folks to visit. Alderman DePoy asked if the revenue would be applied to the general fund like the current RME tax revenue or if the mayor would be using it to fund anything specifically in his budget, to which the mayor replied that without knowing how much revenue this might generate it would be best to use it to offset the tax rate for the first year and we could revisit it after at least a full-year cycle.

Alderman Reveal moved to recommend that the full board approve the Voluntary Collection Agreement for City of Rutland Rooms, Meals and Entertainment Tax with AirBnB, Inc and authorized the mayor to sign. The motion passed 3-0, and I so move.

The meeting ended at 6:30 pm.

Respectfully submitted,

  
Christopher Etori