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:

- $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