



Legislation Text

File #: 16-0053, **Version:** 1

ITEM TITLE:

Discussion Item | Airbnb and VRBO's

SUBMITTED BY: AnnMarie Lain | Sr. GIS & Planning

FISCAL NOTES:

Expenditure Required: NA

Unencumbered Balance: NA

Funding Source: NA

RECOMMENDATION:

NA

SUMMARY STATEMENT:

Airbnb is an online marketplace that allows people to list, find, and rent vacation homes for a processing fee. It was launched in 2008 and continues to grow exponentially. Similarly, VRBO.com which stands for Vacation Rentals by Owner is a site launched in 2006 with the same purpose. A quick search online will deliver over twenty sites that have become marketplaces for this category of rental activity.

Bed and Breakfast operations are a permitted home occupation by Valdez Municipal Code. A Bed and Breakfast home is defined by code as "a home occupation where lodging, and no more than one meal per day, is provided by the homeowner for compensation to transient guests on a day-to-day basis."

The City of Valdez levies a tax on public accommodation rentals within the city equal to six percent of the rental. Bed & Breakfast operators are required to have a State of Alaska Business License and business registration thru the City. This helps to insure that taxes are levied appropriately.

This year we have had over three requests to process Airbnb and VRBO rentals. Because the code does not specifically address vacation rentals, there has been some confusion as to whether or not this type of activity is subject to the public accommodation tax.

To clarify Valdez Municipal Code, staff suggests that an amendment is made to the definition of Bed and Breakfast to include all types of home accommodation rentals including rentals solicited from online marketplaces such as Airbnb and VRBO. Whether they are on a day-to-day or multiple day bases and regardless of whether a meal is provided, it is staff's opinion that the intent of public accommodation from the home is the same and therefore should be subject to the same in-home building inspection, rules regarding percentage of the house used and taxing requirements.

Staff acknowledges that the lodging marketplace has shifted, and traditional bed-and-breakfasts and home-owners are turning to the online marketplace for home occupation of lodging. Staff suggests a definition change to the term *Bed and Breakfast* in Valdez Municipal Code to address the evolution of home accommodations, but would like the Planning and Zoning Commission's feedback and/or suggestions.

Chapter 17.48.060 Permitted Home Occupations and Chapter 3.24 Public Accommodation Tax of Valdez Municipal Code has been attached for the Commission review to aid discussion.