

S.8009 / A.9009 (Budget), Part V

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<p>BILL</p> <p>S.8009 / A.9009 (Budget), Part V</p>
<p>SUBJECT</p> <p>Collection of Sales Tax on Short Term Rentals</p>
<p>DATE</p> <p>February 23, 2022</p>
<p>SUPPORT</p>

The Business Council supports S.8009/A.9009 (Budget), Part V which requires vacation rental platforms to collect sales tax from short-term rental properties that use their platforms. This provision is crucial to the recovery of the tourism industry as it works to recover from the challenges it has faced over the past two years of the pandemic.

It shifts the responsibility of sales tax collection from individual rental property owners to vacation rental platforms, thus reducing the burden of tax compliance. Under current law, there is an unlevel playing field for the state’s lodging industry due to a lack of tax collection for short-term rentals. To achieve equal treatment, it should be made clear that the tax laws that apply to hotels, motels, inns and bed and breakfasts should apply to short term vacation rentals as well.

Hotels and other lodging facilities are experiencing an uneven recovery based on several factors impacting consumer behavior, ranging from inflation to labor shortages. The industry took a devastating hit when the winter surge of the COVID-19 virus, fueled by the omicron variant, resulted in a significant decline in occupancy for one of the state’s most important industries. This legislation will help with this sectors’ recovery as it will help restore a level playing field with other accommodations providers.

The short-term rental industry accommodates millions of overnight guests annually in New York with no framework in place for collecting sales tax. Estimates are that more than \$150 million in sales and bed taxes have been lost resulting in a significant shortfall for our state’s cities, towns and villages. Short-term rentals have seen an increase in guests staying there and when compared to guests who stay in hotels, who are subject to tax obligations, these rentals have offered little to no support for the cities, towns, and villages where they are located.

Throughout the uncertainty and challenges of the COVID-19 pandemic, the hospitality industry persevered, kept their customers safe, and continued to pay their taxes.

A full recovery is dependent on a healthy return of business and leisure visitors to the city and the state. With their return, it is only fair that hotels, motels and short-term rentals have similar sales tax treatment, which will generate needed revenue for the state and local governments.

For these reasons, The Business Council urges the inclusion of S.8009/A.9009, Part V in the final budget.