



Legislation Text

File #: 46211, **Version:** 1

Fiscal Note

The proposed resolution authorizes a voluntary agreement between the City of Madison and Airbnb to collect room tax payments from hosts. Based on recent data collected from Airbnb there are currently 400 active hosts within the City of Madison. Each host has earned an average of \$5,100 from renting their space. Based on current listings it is estimated collecting room taxes from these hosts would result in \$183,000 in potential room tax revenue.

Title

Authorizing the Mayor and City Clerk to enter into a Voluntary Collection Agreement with Airbnb, Inc. for the purpose of collecting room tax payments from Airbnb hosts in the City of Madison.

Body

WHEREAS, an estimated 500-600 dwelling units are available in the City of Madison for rent to guests;

WHEREAS, the owners of these dwelling units (commonly referred to as “hosts”) usually list the rental on web sharing platforms such as Airbnb, VRBO, and other similar platforms;

WHEREAS, hosts are required to pay room tax under Madison General Ordinance 4.21 when they rent a dwelling unit or portion of a dwelling unit to guests. Under current state law, web platforms such as Airbnb are not directly liable for room tax;

WHEREAS, only approximately 15-20 hosts currently pay room tax to the City of Madison Treasurer’s Office;

WHEREAS, if hosts do not voluntarily register with the Treasurer’s office, it is difficult for the City to locate and identify hosts for enforcement purposes because the web platforms do not identify the identity of the host or location of the dwelling unit;

WHEREAS, of the estimated 500-600 hosts in the City of Madison, an estimated 400 of them are listed on Airbnb;

WHEREAS, there were an estimated 19,000 inbound Airbnb guest arrivals in the City of Madison over the last year, with an average length of stay of 2.9 nights;

WHEREAS, a typical Airbnb host rents their listing approximately 49 nights per year and earns approximately \$5,100.00 per year;

WHEREAS, the City and Airbnb wish to enter into a voluntary agreement whereby Airbnb will collect room tax from each Airbnb host for any booking made through the Airbnb platform;

WHEREAS, Airbnb will remit these taxes to the City on a quarterly basis;

WHEREAS, this will ensure that the City receives room tax payments for every Airbnb booking in the City and will alleviate the significant impediments to room tax enforcement that currently exist;

WHEREAS, under the Agreement, in exchange for Airbnb collecting room taxes from its hosts and remitting those taxes to the City, the City will waive any right that may exist to collect room taxes for Airbnb accommodations booked prior to the signing of the Agreement;

NOW THEREFORE BE IT RESOLVED that the Mayor and City Clerk are hereby authorized to enter into a Voluntary Collection Agreement with Airbnb, Inc. for the collection of room tax payments from Airbnb hosts in the City of Madison.