

STATEMENT OF PURPOSE

RS25806

The legislation amends section 67-6539, of Idaho Code, to align the law with the original intent of house bill H216 (2017 Session). The word "throughout" and the phrasing of what regulation is allowable, with limitations, left ambiguity about whether some prohibitions on short-term rentals were legal. This legislation revises the language to eliminate the ambiguity.

FISCAL NOTE

There is a positive fiscal impact on the state General Fund because this revision of statute restricting local entities from prohibiting short-term rentals will lead to fewer prohibitions and more short-term rental providers. There will be an increase in both general fund tax collections and travel and tourism tax collections.

Background: In calendar year 2017, Airbnb voluntarily started collecting and remitting sales and Travel Convention Taxes to the State Tax Commission (6% sales plus 2% for travel convention). The other vacation rentals (VRBO, etc.), however, were not voluntarily collecting and remitting taxes. H216 mandated collections beginning January 1, 2018, and as a consequence, the full picture of one month of data isn't available yet. The Airbnb taxes from last calendar year came in at \$482,255 for the 2% Travel Convention Fund. It follows that sales taxes generated from Airbnb rentals was \$1,446,765 for total taxes generated by Airbnb rentals of \$1,929,020 in 2017.

Also, 55% of taxes generated by the Travel and Convention tax go to the state, while 45% go back to the tourism district where they were generated per Section 67-4717, Idaho Code.

When a few cities decide to prohibit rentals despite the intent of H216 and statute 67-6539, it reduces tax collections for both sales taxes and the travel convention fund. This legislation would not allow such prohibitions and would therefore provide more tax collections for both the general fund and the travel and convention funds (shared by the state and local tourism districts).

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).