Taming the Short-Term Rental Beast
Business/Accommodation

Unit Licenses

• Track ALL properties, regardless of license status
  – Recorded history
  – Schedule # for County interface

• Licensing of ALL rented units, regardless of tax remittance
  – Ex. Breckenridge, Vail, Avon
  – Community safety tool by posting address near front door
Gather Data

- Real Estate Transfer Tax
- Utility Billings
- Certificates of Occupancy
- Planning/Building Permits
- Property Management Rental Lists
- Reports from Neighbors
Build Relationships

• Data sharing with external organizations
  – 39-5-108.5 requires owners or agents (property management company, a lodging company, an internet website listing service, a print-based listing service, or any other person that either separately or as part of a package of services advertises furnished residential real property in the state for rent on behalf of the owner of the property in exchange for compensation.) to provide to the assessor a list that identifies each property so advertised by owner and address. This legislation only exists at a county level.
  – Municipal property tax revenues increase to appropriate level
  – Strong relationships benefit other areas requiring collaboration
What about Confidentiality?

Language from Town of Breckenridge Municipal Code

- **3-7-4: EXCEPTION; TOWN ATTORNEY, TOWN EMPLOYEES AND ENFORCEMENT PERSONNEL:**

  B. Notwithstanding the provisions of this section, the financial services manager may furnish to the taxing officials of the state of Colorado, its political subdivisions, any other state, or political subdivision, or the United States, any information contained in tax returns and related documents filed pursuant to this title or in the report of an audit or investigation made with respect to a return, if the recipient jurisdiction agrees with the manager to grant similar privileges to the town and if such information is to be used by the jurisdiction only for tax purposes.

**Recommendation:**

Develop a Memorandum of Understanding between the County & Municipality to outline data to be shared and its purpose.
Property Use Lettering

- Utility Billings
- Certificates of Occupancy
- Property Management Lists
- Reports from Neighbors

Mail Property Use Letter

- Not Renting
- Renting

Renting

- Using Property Management
  - Ensure licensing & remittance of property management
- Self-managed
  - Send license invoice & tax remittance instructions

Process Complete

No Response
VRCompliance

• Colorado Area Ski Towns (CAST) RFP
  – Custom software – VRCompliance
    • Data matching based on phone #
    • Theory – Advertising = Licensing
  • 15 Properties indentified
  – 3 Court Summons
  – Future Years
• Tackling without software
  – Phone #s
  – Email Address
  – Google Maps
Airbnb

• Different than VRBO
• Treatment versus In-Town Property Management Company
• CML Sharing Economy Sub-Committee status
Colorado
Airbnb Data and Pricing Analytics - 12,278 listings

### Most Popular Airbnb Cities

<table>
<thead>
<tr>
<th>City</th>
<th># Listings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denver</td>
<td>2127</td>
</tr>
<tr>
<td>Breckenridge</td>
<td>1339</td>
</tr>
<tr>
<td>Steamboat Springs</td>
<td>1098</td>
</tr>
<tr>
<td>Boulder</td>
<td>737</td>
</tr>
<tr>
<td>Dillon</td>
<td>605</td>
</tr>
<tr>
<td>Telluride</td>
<td>532</td>
</tr>
<tr>
<td>Vail</td>
<td>526</td>
</tr>
<tr>
<td>Frisco</td>
<td>455</td>
</tr>
<tr>
<td>Aspen</td>
<td>444</td>
</tr>
<tr>
<td>Winter Park</td>
<td>430</td>
</tr>
</tbody>
</table>

### Highest Priced Airbnb Cities

<table>
<thead>
<tr>
<th>City</th>
<th>Avg Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspen</td>
<td>$650</td>
</tr>
<tr>
<td>Telluride</td>
<td>$586</td>
</tr>
<tr>
<td>Snowmass Village</td>
<td>$579</td>
</tr>
<tr>
<td>Vail</td>
<td>$400</td>
</tr>
<tr>
<td>Breckenridge</td>
<td>$319</td>
</tr>
<tr>
<td>Minturn</td>
<td>$315</td>
</tr>
<tr>
<td>Steamboat Springs</td>
<td>$312</td>
</tr>
<tr>
<td>Frisco</td>
<td>$281</td>
</tr>
<tr>
<td>Tabernash</td>
<td>$250</td>
</tr>
</tbody>
</table>
Issues at Hand
Purchase Price

Tax must be collected on the total purchase price of lodging services. Any mandatory service charges required to be paid by the consumer in order to receive the lodging service are a part of the purchase price of the lodging and are subject to tax.

• **3-1-3: TAXABLE TRANSACTIONS AND ITEMS:**
  G. Upon the entire amount charged to any person or persons for lodging services.

• **LODGING SERVICES:** The furnishing, for a consideration, of a room or other accommodation in a hotel, inn, bed and breakfast establishment, apartment hotel, lodging house, condominium, condominium hotel, motor hotel, guesthouse, guest ranch, trailer coach, mobile home, auto camp, trailer court or trailer park, for a period less than thirty (30) consecutive days, under any rental agreement, concession, permit, right of access, license to use or other agreement, or otherwise, whereby any person uses, possesses or has the right to use or possess any such room or accommodation.
The tax must be remitted directly to the municipality and may not be passed on to another party (such as the property manager, property owner, etc). Any tax passed on to another party remains a liability due from the business to the municipality.

• **3-1-7: RETAILER RESPONSIBLE FOR PAYMENT OF TAX:**
  A. Every retailer or vendor engaged in business and selling at retail as defined in this chapter shall be liable and responsible for the payment of an amount equivalent to two and one-half percent \((2\frac{1}{2}\%)\) of all sales made by him of commodities or services as specified in section 3-1-3 of this chapter, and shall file a return each month with the finance director on or before the twentieth day of each month for the preceding month and remit an amount equivalent to said two and one-half percent \((2\frac{1}{2}\%)\) of such sales to the finance director.

• **3-4-6: LICENSING AND REPORTING PROCEDURES:**
  Every person with a duty to collect the tax imposed in this chapter shall obtain a town business license in accordance with people’s ordinance 13, series 1978 and shall report such taxes collected on forms prescribed by the town and remit said taxes to the town on or before the twentieth day of the month for the preceding month or months under report.
Tax Separately Stated

Tax must be separately stated to the consumer. If separately stated to the consumer, the retailer may apply this tax collected as a credit to the tax due to the Town. Therefore, if the tax is not separately stated, no offset is allowed and tax is due from the retailer on the entire amount of taxable sales. Reasons for this requirement include:

1. The consumer is entitled to claim a refund of taxes from the taxing jurisdiction. Without a separate and distinct line on the receipt, it is assumed that no tax was paid.

2. In the event of an audit, the taxing jurisdiction must be able to match tax collected with tax remitted. Without a separate and distinct line on the receipt, matching is not possible.

- 3-1-8: RETAILER TO COLLECT TAX:

Retailers shall add the tax imposed to the sale price or charge, showing such tax as a separate and distinct item, and when added, such tax shall constitute a part of such price or charge and shall be a debt from the consumer or user to the retailer until paid and shall be recoverable at law in the same manner as other debts; provided, however, that the retailer shall be entitled, as collection agent of the town, to apply and credit the amount of this collection against the two and one-half percent (2 1/2%) rate to be paid by him under the provisions of section 3-1-5 of this chapter remitting any excess collected over said two and one-half percent (2 1/2%) to the finance director in the retailer's next monthly sales tax returns.
In 2005, Leslie joined the Town of Breckenridge, a home-rule municipality of over 6,000 licensed businesses and approximately 5.5 square miles in area. She quickly gained an enthusiasm for governmental finance, with primary responsibilities including tax/fee enforcement, auditing, and related practice and policy development for sales, accommodations, ski lift ticket, business & occupational licensing, medical & recreational marijuana, real estate transfer, and utilities taxes, in addition to franchise and disposable bag fees. Leslie earned a Bachelor’s Degree in Accounting from Michigan State University, recently earned her CPA license, and is active in Colorado Government Finance Officers Association (CGFOA), Colorado Tax Auditors Coalition (CTAC), & Colorado Municipal League (CML). She also has a love of Alpine and Nordic skiing in the winter; in addition to mountain biking and her new-found passion for road biking in warmer weather.