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Richard Pomp
University of Connecticut School of Law

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Myth vs. Reality: Airbnb and Its Voluntary Tax Collection Efforts

by Richard D. Pomp



Richard D. Pomp

Richard D. Pomp is the Alva P. Loiselle Professor of Law at the University of Connecticut School of Law and a member of the *Tax Notes State* Advisory Board.

In this article, Pomp criticizes reports authored by Dan R. Bucks that concluded that Airbnb's agreements with state and local tax agencies undermine tax fairness, transparency, and the rule of law.

As of July 29, a full unedited version of the article can be found at <https://bit.ly/2RQADRD>.

I. Introduction

Airbnb operates a platform that brings hosts together with guests, helping to welcome more than half a billion tourists throughout the world in the past 10 years.

Although U.S. hotel revenues and profits reached record levels in 2017, the American Hotel and Lodging Association (Hotel Association) has nonetheless continued to attack Airbnb.

The Hotel Association's attacks — repeated in 2017, 2018, and even this year — are based on political sloganeering and myths rather than arguments and logic. This article exposes and debunks those myths.

Millions of persons in tens of thousands of jurisdictions nationwide may be unaware that they are potentially subject to municipal taxes on short-term rentals. The sheer number of potential taxpayers overloads the capabilities of municipal tax departments.

Airbnb has volunteered to collect and remit the taxes owed by the hosts under what are known as voluntary collection agreements (VCAs). More than 200 agreements exist in the United States, and more are being negotiated each month. These agreements continue to evolve.

In the United States, Airbnb has collected more than \$1 billion in local taxes. Without these efforts, much of these taxes would have otherwise gone unpaid. Airbnb bears the full costs of collecting taxes on behalf of the hosts.

The Hotel Association has suggested that Airbnb is not paying its fair share of taxes, a strange attack given that Airbnb itself does not owe any of the taxes that it voluntarily collects on behalf of hosts. Other myths spread by the Hotel Association are that Airbnb has negotiated deals to collect these taxes behind closed doors without public input, even though many of these agreements are on the internet, are the subject of debate in city halls and town councils that can be watched on the internet, and are available by contacting the municipality.

Public officials are effusive in their praise of Airbnb's collection efforts on their behalf and the programs that these taxes fund.

Airbnb protects the privacy and confidentiality of hosts' names and addresses. This information is not needed by a tax department for auditing the amount of taxes collected by Airbnb. For example, no municipality auditing a hotel routinely asks for information on its guests. Airbnb should be lauded for protecting the identity and addresses of the hosts — the majority of whom are women,

with seniors representing the fastest growing Airbnb host population.

Recent platform legislation (also known as marketplace facilitator legislation) — spurred by the Supreme Court’s 2018 decision in *Wayfair*¹ — does not necessarily eliminate the need for VCAs. California, for example, has legislation that covers only tangible personal property and does not cover Airbnb. Large variations exist among the states adopting these statutes.

Airbnb files information returns as required under the Internal Revenue Code that cover the hosts and its independent contractors. Its website provides extensive information for the hosts on their income tax obligations.

At the Beginning

About 50 years ago I stepped off a ferry in the bewitching town of Dubrovnik. Like the other backpackers on the ferry, we faced hordes of locals competing to rent out rooms in their houses. With broken English, gestures that a mime would envy, and with maps drawn in the dirt, our hosts made deals with most of us at prices befitting our student budgets.

Off we went, usually walking far longer than what we thought we had agreed on, but our hosts insisted on carrying our backpacks, shared local sweets and candies along the way, and provided a running commentary, most of which was indecipherable but delivered with such good cheer and gesticulation that any annoyance at perhaps being intentionally misled soon washed away.

It was the start of yet another experience and adventure. Sometimes that meant eggs in the morning from the family chicken, honey from the backyard hive, homemade cheese or yogurt, or maps drawn on napkins to local restaurants and relatively unknown sites. Sometimes it meant being awakened by the family rooster, sharing a bed with a dog or cat (or worse), and an uncomfortable mattress.

This was my first taste of home sharing, and I was hooked. That trip to Europe was one of the few transformative events in my life, supplanting my ethnocentric view of the world. I credit that

summer in Europe with a love of travel that informed my career choices, involving consultantships with many developing countries and nongovernmental organizations, friendships with academics around the world, and a more global sensitivity in my teaching and writing.

Fast forward and our daughter and her friend are considering their own trip to Europe, unaccompanied by their parents, and on a limited budget. We want them to have the same expansive and educational opportunities that I had to discover the world outside the United States. But my wife and I have the normal parental concerns about their being on their own.

Luckily, without diminishing their sense of exploration, discovery, or independence, our concerns have been addressed. By careful review of the hosts on Airbnb, we have selected places for our daughter and her friend to stay where we know they will be watched over, taken under the care of their hosts — parents themselves — warned about where not to go and what to avoid, advised on local customs and traditions, told about special local sites and events, and explained where and what to safely eat. They will also start the day with a healthful breakfast.

If necessary, we will be able to check on their progress and well-being, while giving them a sense of independence and freedom. In short, a nice compromise between our parental concerns and the girls’ thrill of independent travel on a limited budget.

II. Overview

Our daughter’s ability to see the world on a limited budget has its origin in three air mattresses in San Francisco — the start of Airbnb. The evolution of Airbnb might be captured in a 1987 quote by J. William Grimes, then-president of ESPN: “That’s the cycle in this business. First, they ignore you. Then they ridicule you. Finally, they emulate you.”²

In the early days of Airbnb, Brian Chesky, Joe Gebbia, and Nathan Blecharczyk, roommates and founders — still working together today — were

¹*South Dakota v. Wayfair Inc.*, 585 U.S. ___ (2018).

²“First They Ignore You, Then They Laugh at You, Then They Attack You, Then You Win,” Quote Investigator, Aug. 13, 2017. Somewhat similar sentiments have been attributed to Mahatma Gandhi and Arthur Schopenhauer.

ignored and ridiculed. Ignored by venture capitalists and angel investors, and ridiculed by everyone else who could not imagine that the concept of having strangers share your home could ever work. Driven by their vision and dreams to democratize travel, they persevered in the face of setbacks and obstructions. Their success is as much a testament to their creativity and intellectual and technical prowess as it is to their grit and determination.

From three guests sleeping in their apartment on air mattresses in 2007, the company has grown prodigiously. Today, there are over 6 million Airbnb listings in 191 countries and 100,000 cities. On any given night, 2 million people stay in Airbnb rentals across the world. There have been 500 million guests since its founding. Its total number of listings is higher than that of the top five major hotel brands combined.

No longer can Airbnb be ignored — nor has it been. Although Airbnb does not view the hospitality industry as a zero-sum game,³ and has welcomed executives from many of the major chains at its San Francisco headquarters, its growth has threatened entrenched interests. A March 2017 report commissioned by the Hotel Association accused Airbnb of undermining tax fairness, transparency, and the rule of law.⁴ These flamboyant and reckless accusations were based on a fundamental misunderstanding of the nature of Airbnb's business and also on incorrect or outdated facts. They are political broadsides rather than substantive arguments.

Many of the misunderstandings and misleading statements in the 2017 Report were the foundation for, and repeated by, the Hotel Association in its April 17, 2018, press release "Tax

Day: Hoteliers Call for More Transparency and Oversight in Taxing Airbnb" (2018 Harangue).⁵

The Hotel Association reprised its 2018 smear campaign in 2019. In a 2019 press release on tax day it trumpeted a new — and equally misleading — report by the author of its earlier report.⁶

Parts III and IV below set the record straight and separate the myths from the realities in these reports and harangues.

III. Myths Versus Realities: The 2017 Report and 2018 Harangue

In separating out the myths from the realities, it is critical to understand Airbnb's business. Airbnb operates a platform — an online meeting place — that connects travelers (guests) with local hosts. The platform enables hosts to list and describe their available space and to earn extra income. The platform allows guests to sort through a multitude of listings to find what they are looking for — the right price in the right location. Airbnb receives a fee for bringing together the hosts and guests.⁷

The taxing authorities confront an administrative morass. Imagine the plight of a municipal tax department either here or abroad. Millions of persons in tens of thousands of jurisdictions are hosts — and potential taxpayers. Nearly all the hosts are neither trained accountants nor tax lawyers, and in many cases they are older empty nesters looking to supplement their Social Security.⁸ They may not be aware of the applicable tax regimes at all. Even if they are, coping with municipal tax codes, with their various rates, exemptions, and numerous rules, can be daunting and overwhelming.

Even worse, for hosts to receive a state or municipal assessment for years of back taxes that they should have collected — but did not — could be devastating and wipe out the profits

³ According to Hotel News Now, U.S. hotel industry revenues reached an estimated \$208 billion in 2017, an increase of \$10 billion from 2016. Profits also reached an all-time high. "STR: U.S. Hotel Revenues Surpassed \$200 Billion in 2017," Hotel News Now, May 16, 2018. Profits continued to increase in 2018. Lakshmi PS, "Report: U.S. Hotels' Profits Rose in January Despite Government Shutdown," Asian Hospitality, Mar. 14, 2019. Apparently, Airbnb has not hurt the industry.

⁴ Dan R. Bucks, "Airbnb Agreements With State and Local Tax Agencies: A Formula for Undermining Tax Fairness, Transparency and the Rule of Law" (Mar. 2017) (2017 Report).

⁵ American Hotel and Lodging Association, "Tax Day: Hoteliers Call for More Transparency and Oversight in Taxing Airbnb," Apr. 17, 2018.

⁶ Dan R. Bucks, American Hotel and Lodging Association, "Report: Supreme Court Ruling Makes Airbnb's Tax Agreements Obsolete," Apr. 15, 2019.

⁷ Airbnb, "What Is the Airbnb Service Fee?"

⁸ Airbnb, "Seniors: Airbnb's Fastest Growing, Most Loved Demographic," June 18, 2018.

that they thought they were making, and may have already spent.⁹ But the reality is that the municipal tax departments are not equipped to audit the multitude of hosts.¹⁰ Even the IRS audits only approximately 0.5 percent of all returns filed.¹¹

Airbnb has voluntarily stepped into the fray. In the majority of jurisdictions, the company has no legal obligation to help solve this tax dilemma because it is not the taxpayer. Nonetheless, it has entered into over 200 VCAs under which it collects the municipal and state taxes that the hosts or guests are legally obligated to pay. As of November 2018, it has collected over \$1 billion of hotel taxes¹² — an amount unmatched by any other platform in the industry. This money may have otherwise gone unpaid. Moreover, Airbnb bears all the administrative and collection costs under the VCAs.

No precedent exists for VCAs on this scale. Airbnb has ploughed new ground without a playbook. The VCAs have continued to evolve, reflecting changes in Airbnb's business and the changing needs of local jurisdictions. The 2017 Report only covered a small number of VCAs, which do not reflect this evolution.

The Reality: Airbnb Supports Taxes on Short-Term Rentals

The 2018 Harangue “called on state and local government leaders on National Tax Day to start taxing Airbnb and other short-term rental sites with the same oversight and transparency as hotels, especially in light of Airbnb's recent announcement that it will start

including hotels as part of its listings and the continued growth of commercial Airbnb operators.”

The Hotel Association is well aware that Airbnb has actually called for, and supports, taxes on short-term rentals.¹³ To imply otherwise is unabashedly the height of hypocrisy. The reality is that the Hotel Association has actually *opposed* the taxes that Airbnb supports! Why the spectacle of Airbnb supporting a tax on short-term rentals but the Hotel Association opposing it? Presumably because the Hotel Association would otherwise lose its favorite glib mantra, that “*Airbnb must pay its fair share of taxes.*”

The Reality: Airbnb Is Not Subject to Those Municipal Hotel Taxes That It Collects and Remits Under VCAs

“Airbnb must pay its fair share of taxes.” A catchy slogan, to be sure, but another myth, because the VCAs cover municipal hotel taxes that are not imposed on Airbnb. “Fairness,” of course, is in the eyes of the beholder. But exactly what is unfair about Airbnb collecting taxes that it does not even owe but has volunteered to collect at its own expense? Apparently, the Hotel Association believes that no good deed should go unpunished.

The Reality: The VCAs Cannot Be Atypical Because There Is Nothing With Which to Compare Them

Instead of praising the company for its voluntary efforts to help collect municipal taxes, the Hotel Association floats another myth, that the VCAs are “subject to certain stipulations, which are often strict and atypical for tax

⁹ See the statement by Mary Peterson, former Vermont Commissioner of Taxes, in the Appendix.

¹⁰ See the statements from Duluth, Minnesota, and Orange County, Florida, in the Appendix.

¹¹ The statistic is for calendar year 2016, the most recent year for which data is publicly available. Internal Revenue Service, “Enforcement: Examinations.”

¹² Letter from Chris Lehane, head of Global Policy, Airbnb, to Mayor Bill de Blasio, Feb. 19, 2019. The figure in the text aggregates the amount collected under voluntary collection agreements (VCAs) with the amount collected under laws that require Airbnb to collect hotel taxes for hosts, as well as with the taxes imposed directly on Airbnb under state law. This article deals only with those taxes imposed on the hosts or guests. The latter are the subject of the VCAs, which are attacked by the Hotel Association. “Hotel taxes” includes transient occupancy taxes, lodging taxes, bed taxes, and room taxes.

¹³ See, e.g., Scott Merzbach, “State’s Short-Term Rental Rules Put Airbnb, Bed and Breakfasts on Similar Footing,” *Daily Hampshire Gazette*, Jan. 6, 2019 (“Andrew Kalloch, Airbnb’s head of public policy in Massachusetts, said the company has long supported simple reforms, including provisions for collecting lodging taxes, with the platforms getting the money from anyone who rents a room or a house out at least 15 days in a calendar year. But Kalloch said the state law is a ‘complicated regulatory regime’ that will put barriers in place, including for the many senior citizens who are using Airbnb as a way to age in place.”); Laura McCrystal, “New ‘Airbnb Tax’ May Affect Shore Rentals,” *The Philadelphia Inquirer*, Oct. 1, 2018 (“Airbnb, which has generally cooperated with state and local tax measures, supported the new tax in New Jersey.”); and Luis Ferré-Sadurni, “Airbnb Shows Them the Money. Is It Enough to Turn Albany Lawmakers’ Heads?” *The New York Times*, Aug. 15, 2018.

matters.”¹⁴ The reality, however, is that there are no other situations comparable to the magnitude of Airbnb’s VCAs. It is impossible to conclude something is “atypical” when there is nothing “typical” with which to compare it.

The Reality: The VCAs Are Not Closed-Door Deals Without Public Input and Are Not Secret

The Hotel Association continues its 2018 Harangue with its next myth, accusing Airbnb of “negotiating these deals behind closed doors and the agreements are crafted without public input.”¹⁵ “Closed doors” conjures up fears of corruption and bad deals for the locals. True, the public might not always be present when the VCAs are being negotiated, any more than the public is always present when municipal officials negotiate contracts with vendors, or when the IRS negotiates with a taxpayer. In other cases, however, the discussion might take place openly in public before a board or council. In some cases, the discussion can be watched on the internet.¹⁶

How “secret” are these so-called deals? The VCAs are public in many jurisdictions and widely available on the internet as the footnote graphically demonstrates.¹⁷ Moreover, a majority of VCAs do not contain confidentiality provisions, although state or local law might impose certain restrictions.

Some jurisdictions require that a VCA be approved by a city council or some governing board; if so, it will undergo a public approval process.¹⁸ Also, jurisdictions that have entered

into a VCA will typically announce that fact, which is readily found on the internet.¹⁹ Even if the VCA itself is not posted on the internet, the jurisdiction can be contacted to obtain a copy.²⁰ The reality is that the VCAs are hardly a secret, closed-door deal.²¹

Further, Airbnb has a page on its website that lists the states and municipalities (and foreign countries) in which it collects and remits taxes.²² Clicking on the name of a state will list all the municipal taxes that Airbnb collects for hosts or guests in that state.

So Much for the Myth of Secret, Closed-Door Deals

The 2018 Harangue and the 2017 Report are demeaning to state and local officials, implying that they are incompetent at negotiating an agreement with Airbnb and are being bamboozled. That is the myth.

¹⁹ A sampling of the over 80 examples I found: Louisville, Kentucky (Phillip M. Bailey, “Louisville and Airbnb Reach Tax-Collection Deal That Keeps Hosts’ Information Private,” *Louisville Courier Journal*, Mar. 12, 2018); Los Angeles (Emily Reyes, “Airbnb Strikes Deal With L.A. to Collect Millions in Lodging Taxes,” *Los Angeles Times*, July 18, 2016); Broome County, New York (“How a New Tax Agreement With Airbnb Will Benefit Broome County,” *WBNG*, Aug. 1, 2018); Dutchess County, New York (Geoffrey Wilson, “Dutchess, Airbnb Reach Tax Agreement,” *Poughkeepsie Journal*, Feb. 28, 2017); St. Charles, Missouri (J. Kyne Danielson, “Airbnb Announces Tax Partnership With Saint Charles County,” *Patch.com*, Mar. 1, 2018); El Dorado County, California (Julia Sclafani, “Airbnb Agrees to Collect Tax for Vacation Rentals in El Dorado County,” *The Sacramento Bee*, June 20, 2018); Hamilton County, Tennessee (Staff Report, “Airbnb to Collect Tax in Hamilton County,” *Nooga Today*, Aug. 16, 2018); and Schaumburg, Illinois (Anne Marie Kukec, “Airbnb Will Collect 8% Hotel Tax if You Book Rooms in Schaumburg,” *Daily Herald*, May 10, 2017).

²⁰ I selected three jurisdictions at random — Kent County, Michigan; Green Bay, Wisconsin; and Steuben County, New York — called them, and received their VCAs.

²¹ Note that footnotes 17 and 19, which are just a sampling of what is available on the internet, illustrate the public nature of the VCAs, which belies their being secret.

²² Airbnb, “In What Areas Is Occupancy Tax Collection and Remittance by Airbnb Available?” The foreign jurisdictions listed are Bermuda, Brazil, Canada, France, Germany, India, Italy, Mexico, Netherlands, Portugal, and Switzerland. The states listed are Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Missouri, Mississippi, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Wisconsin, and Wyoming. Also, taxes are collected in the U.S. Virgin Islands. Not all the taxes are necessarily collected under a VCA.

¹⁴ 2018 Harangue, p. 1. Presumably, the Hotel Association is comparing the VCAs to voluntary disclosure agreements (VDAs), which is what the 2017 Report does. This is an irrelevant and misleading comparison for the reasons discussed *infra*.

¹⁵ 2018 Harangue, p. 1.

¹⁶ See, e.g., the debate over the proposed VCA with Oklahoma City.

¹⁷ See, e.g., the VCAs with Amador County, California; city of San Jose; Hillsborough County, Florida; Yorba Linda, California; Sonoma County, California; Snowmass Village, Colorado; Leon County, Florida; Redwood City, California; Pacific Grove, California; Pinole, California; Desert Hot Springs, California; Oceanside, California; Richmond, California; Timnath, Colorado; Kansas; Nevada County, California; Washington County, Oregon; Newport, Oregon; Humboldt County, California; Palm Desert, California; and Surfside, Florida. These are in addition to the publicly released agreements described in the 2017 Report.

¹⁸ See Debate, *supra* note 16.

The Reality: Public Officials Are Effusive in Their Praise of Airbnb and the VCAs

In the interest of brevity, what follows are edited comments by public officials²³ regarding Airbnb and the VCAs. The full comments from these and other officials are found in the Appendix.

State of Arizona — Gov. Doug Ducey (R): “This groundbreaking agreement is a signal to entrepreneurs across the U.S. that Arizona is a state that empowers innovative companies like Airbnb to set up shop and expand their operations.”

State of Alabama — Department of Revenue Commissioner Julie Magee: “This is great revenue, new revenue for the general fund that we have had spotty collections in the past.”

State of Colorado — DOR Taxpayer Services Division Director Eric Myers: “This is a great example of the public-private sector working together in support of fair and equitable tax laws that benefit citizens and strengthen our local communities.”

State of Vermont — Department of Taxes Commissioner Mary Peterson: “We have been working to fit our existing rules and regulations onto new structures of business. It’s not always easy, especially when a host finds out through an audit years later that they were responsible for collecting and remitting the rooms tax.”

Los Angeles — Mayor Eric Garcetti: “I am announcing today that my budget includes an additional \$10 million for the Affordable Housing Trust Fund. Half of this money is being generated because for the first time, we are going to collect taxes from Airbnb.”

Memphis, Tennessee — Mayor Jim Strickland: “The economic impact of Airbnb speaks for itself, and I’m glad that so many people from out of town are experiencing the warm hospitality for which Memphians are well known.”

Cuyahoga County, Ohio — Destination Cleveland CEO David Gilbert: “Airbnb helps us diversify the lodging options available to visitors whose travel styles support the sharing economy.”

Cleveland — City Councilman Kerry McCormack: “This windfall of new revenue will go a long way towards better marketing our city as a global hub for family-friendly tourism.”

Lexington, Kentucky — Commissioner of Finance Bill O’Mara: “This agreement ensures that the City is taxing Airbnb in the same way it taxes local hotels. The revenue goes to VisitLEX and Lexington Center, which promote local tourism and help fuel our economy.”

Duluth, Minnesota — City CFO Wayne Parson: “This agreement will level the playing field for hosts using the Airbnb platform and lessen the City’s administrative burden for assuring tax collection compliance. I consider this a win-win scenario for all involved.”

Tampa, Florida — Mayor Bob Buckhorn: “This agreement is yet another way to allow people traveling to the City of Tampa more options to authentically experience our incredibly unique culture and neighborhoods.”

Orange County, Florida — former Comptroller Martha Haynie: Airbnb was “so cooperative and helpful to get this set up. This will not only increase our revenue, but keeps the playing field leveled” for local hoteliers.

Orange County, Florida — Comptroller Phil Diamond: “It’s a lot easier to deal with one taxpayer as opposed to thousands of individual taxpayers.”

Polk County, Florida — Tax Collector Joe Tedder: “Relationships with rental platforms like Airbnb are critical for Polk County because our vacation housing represents a major portion of our rental properties.”

Leon County, Florida — County Commission Chairman John Dailey: “Tonight’s agreement represents an investment in the long-term success of Leon County’s tourism and economic development efforts.”

Sarasota County, Florida — County Administrator Tom Harmer: “This is an important revenue source the county uses to promote tourism and encourage economic growth for the benefit of our residents.”

Sarasota County, Florida — Tax Collector Barbara Ford-Coates: “I’m glad we could reach this agreement, which will bring hosts into compliance and generate additional dollars for our community.”

²³The titles indicated are those applicable at the time of the statements.

Monroe County, New York – County Executive Cheryl Dinolfo: “Monroe County is thrilled to host nearly 20,000 Airbnb guests here every year, and this agreement will help us do even more to attract new visitors, jobs, and investment to our community moving forward.”

Fulton County, New York – County Treasurer E. Terry Blodgett: “Better yet, this service is provided at no cost to the County or homeowner.”

Do these comments sound like Airbnb is “strong-arming state and local jurisdictions,” as the 2018 Harangue states?²⁴ To the contrary, these comments by government officials in the trenches represent the reality that exposes the Hotel Association’s myths.²⁵

The Reality: Voluntary Disclosure Agreements Are Not a Relevant Comparison to VCAs

The 2017 Report evaluated only 12 publicly released agreements that Airbnb had entered into with state or local governments. The Report *assumed* these were “reasonably representative of the approximately 200 agreements that Airbnb has signed.”²⁶ Today, there are more than 200 agreements, with more being negotiated each month, which, because they are constantly evolving, have provisions not found in earlier VCAs. By itself, that would render the 2017 Report problematic. But a more fundamental problem plagues the 2017 Report.

The fundamental flaw is that the 2017 Report evaluates the VCAs against so-called voluntary disclosure agreements (VDAs). But VDAs have no relevance to VCAs.

VDAs have been a major contribution of the Multistate Tax Commission.²⁷ The author of the 2017 Report was the executive director of the MTC and figured prominently in the development of the MTC’s VDA program. He should be proud of this program, which has raised much revenue for the states. But his myopic outlook in the 2017 Report demonstrates the adage that “if your only tool is a hammer, every problem looks like a nail.”

VDAs are fundamentally different from VCAs, which makes any comparison of the two irrelevant. VDAs deal with taxes that might be owed by a business. VDAs are a negotiation between a taxpayer and those states in which it might owe taxes, with the MTC acting as the intermediary. The agreement is negotiated by the MTC for the approximately 37 states that participate in the VDA program.²⁸

The hallmarks of the MTC VDA are the payment of some back taxes (the lookback period), an agreement by a state to waive penalties during the lookback period, and the forgiveness of all other back taxes; in exchange, the business promises to pay taxes in the future. (A taxpayer is free to bypass the MTC and deal directly with a state that might not require a lookback at all.)

The 2017 Report ignores an essential fact: The VDAs cover taxes *owed* by a business that is willing to come forward and strike a deal. A key element of that deal is that the business agrees to collect taxes in the future but does not want to have an unlimited liability for taxes owed in the past. States participating in the MTC program want some taxes paid for past sins. The states typically want a business to atone by paying taxes for the prior three years, the lookback period. They agree not to impose any taxes beyond the three years. And they will waive penalties that

²⁴ 2018 Harangue, p. 1.

²⁵ A dissenter from the chorus was Hawaii Gov. David Ige (D). According to the 2018 Harangue, he rejected a proposed VCA on the grounds that “we need to ensure that the properties being utilized for short-term vacation rentals are appropriately zoned and regulated.” The connection between rejecting the VCA and zoning is not obvious. The money collected under the VCA could have been dedicated to implementing and enforcing zoning. Rather than a VCA, the state has preferred litigation. A judge recently denied Hawaii’s move to compel Airbnb to hand over a decade of vacation rental receipts in order for the state to determine whether hosts have been paying the equivalent of hotel and sales taxes. Audrey McAvoy, “Judge Denies Hawaii’s Move to Get Airbnb Host Records,” *The Associated Press*, Feb. 7, 2019.

²⁶ 2017 Report, p. 1.

²⁷ The MTC is an intergovernmental state tax agency working for states and taxpayers to facilitate the equitable and efficient administration of state tax laws that apply to multistate and multinational enterprises. The MTC was created by the Multistate Tax Compact and charged with facilitating the proper determination of state and local tax liability of multistate taxpayers, including the equitable apportionment of tax bases and settlement of apportionment disputes; promoting uniformity or compatibility in significant components of tax systems; facilitating taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration; and avoiding duplicative taxation. Multistate Tax Commission, “The Commission.”

²⁸ MTC, “Member States.”

would otherwise be imposed on the failure to pay taxes during the three-year lookback period.

In sharp contrast, the VCAs cover local hotel taxes that Airbnb does not owe. Airbnb is not a hotel. For a VDA, the business owes taxes and is looking to strike a deal that will limit the amount of back taxes owed. By comparison, Airbnb does not owe any back taxes covered by the VCAs, so there is no deal that it has to strike. Unlike a VDA, a VCA covers the voluntary collection of taxes that the host or guest owes — not those owed by Airbnb.²⁹

VCAs facilitate the collection of taxes owed by third parties — the *hosts* who are renting rooms in their homes, or their guests, which is why Airbnb's agreements are known as voluntary *collection* agreements and not voluntary *disclosure* agreements. Comparisons with VDAs are simply irrelevant and misleading. Nevertheless, the 2017 Report calls the VDAs the “gold standard”³⁰ with which it compared the VCAs; not surprisingly, given the Hotel Association's agenda, the VCAs came up short.³¹

In a VDA, the MTC (or a state) can exact strict terms from a taxpayer as expiation, which otherwise fears that it will be discovered sometime in the future, and assessed taxes, penalties, and interest for prior years of nonpayment. Better to make a favorable deal now than run the risk of an unfavorable audit later. Even worse, a taxpayer has unlimited retroactive exposure because it has never filed a return and thus is not protected by any statute of limitations. Hence, with a VDA a taxpayer limits the taxes it may owe in prior years to only three years rather than a much longer period. Airbnb, of course, has no retroactive exposure; indeed, it has no exposure at all because it is not the taxpayer.

²⁹ See *supra* note 12.

³⁰ 2017 Report, p. 34.

³¹ The essential difference between VCAs and VDAs renders meaningless arguments that the VCAs give substantially greater benefits to hosts than VDAs give to taxpayers. See 2017 Report, p. 31. It is sheer hyperbole, of which the 2017 Report abounds, to claim that the VCAs “can best be viewed as an outright gift by the tax agency especially to the” hosts. *Id.*

The Reality: Airbnb Owes No Back Taxes Covered by the VCAs Because It Owes No Taxes to Begin With

The 2017 Report compares the back taxes paid under the MTC VDAs — nearly \$200 million between fiscal 2006-2015³² — with the lack of any back taxes paid under Airbnb's VCAs.³³ But why would Airbnb be expected to pay any back taxes at all when the VCAs cover taxes that it does not owe to begin with? For VDAs, taxpayers are willing to pay some of the back taxes they owe in return for a state not looking beyond the lookback period — a situation that has nothing to do with Airbnb, which does not owe any of the taxes covered by the VCAs.

Moreover, if Airbnb were to pay taxes owed by the hosts or guests during some lookback period, the money would come out of its own pocket because it would not attempt to recover it from the host or from guests who are long gone. For a VDA, taxes owed during the lookback period are taxes owed by the taxpayer, which is paying taxes to cut its losses. Not true in the case of Airbnb, which owes no taxes.

It is misleading for the 2017 Report to focus on what a municipality is not collecting in back taxes that were never owed by Airbnb in the first instance rather than focusing on what a municipality receives in the future under a VCA.

What should not be lost in the discussion is that the most recent VCAs do not restrict a tax department's power to audit hosts for back years. But the difficulty of doing so is the reason a municipality is delighted to enter into VCAs, as the praise and compliments from public officials cited above (and in fuller form in the Appendix) indicate.³⁴ In a sense, this is “free” money — low-hanging fruit — because Airbnb does all the work at its own expense.

Furthermore, to make Airbnb pay money out of its own pocket would be punitive, essentially charging it for voluntarily agreeing to collect taxes in the future that it does not owe, even though a tax department maintains the power to audit the hosts for prior years. Consequently, the accusation

³² 2017 Report, p. 11.

³³ *Id.* pp. 30-31.

³⁴ See, for example, the statement from Alabama in the Appendix.

that “Airbnb receives amnesty for back-tax payments in exchange for permission to collect, report and pay future lodging taxes under lax standards of accountability”³⁵ is yet another myth. Amnesty is granted for taxes that are owed; Airbnb owes none of the taxes covered by the VCAs.

Terms like “amnesty” and “back taxes” feed the myth that Airbnb owes municipal taxes, which it is somehow avoiding by striking secret closed-door deals known as VCAs. The reality is completely the opposite — Airbnb is volunteering to collect taxes that it does not owe.

Not content with the “amnesty” myth, the 2017 Report moves on to its next error, criticizing VCAs for being confidential, unlike VDAs. The 2017 Report states that “individual states and the MTC make substantial efforts to ensure there is public knowledge of voluntary disclosure agreements and the standard terms generally offered.”³⁶ If by this the 2017 Report means that specific VDAs are made public, then this is nonsense. The MTC itself keeps a VDA confidential.³⁷ And once accepted by a participating state, the VDAs are confidential like other tax information a state has. Indeed, in some states it might be a crime to disclose confidential tax information. If the statement simply means that the MTC promotes its VDA program, how is this a criticism of Airbnb’s collection agreements? The VCAs are as well-known as the VDAs — so well-known, in fact, that municipalities approach Airbnb and not vice versa.

The Reality: Airbnb Balances the Privacy and Security of the Hosts Against the Need for a Tax Department to Know Their Identities

The 2017 Report also criticizes Airbnb for not disclosing the names and addresses of the hosts. But this information is not relevant to the collection of taxes. Airbnb provides detailed transactional-level data. Airbnb expends substantial resources on sophisticated tax software and systems commonly used by

companies around the world for tax collection. These systems can be observed, tested, and audited by a tax department — and they are. That a tax department does not need the names and addresses of the hosts is demonstrated by the way traditional hotels are audited. Hotels do not routinely turn over the names and addresses of their guests; such information is simply not needed for an audit.

The reason a tax department wants the identity of Airbnb’s hosts and their addresses typically has nothing to do with collecting the proper amount of tax. A tax department may seek the information for nontax purposes or to share it with other agencies.³⁸ Airbnb hosts deserve to, and expect to, have the sanctity of their homes, privacy, and security protected. It is a matter of trust and peace of mind. The moment Airbnb provides the names and addresses of the hosts to third parties, it loses control and protection of that information. Where it ends up, how it is used, and what safeguards are in place are then outside the control of Airbnb.

The more widely information about hosts is shared, the more the risk of it being stolen or improperly disseminated. If no need exists for it being shared for tax purposes, then it should not be. After balancing the needs of a tax department against the privacy and security concerns of the hosts, Airbnb has decided not to provide confidential information unnecessary to an audit in order to avoid the risk that it might be compromised.

The 2017 Report’s response on this point borders on the paranoid by raising the specter of the Volkswagen Dieseldiesel scandal. The lesson we are supposed to learn is that just as Volkswagen doctored its software when a car was being tested so that it passed the emission standards, Airbnb might doctor its software when being audited. The 2017 Report speculates, with no knowledge of Airbnb’s accounting or computer systems, that a tax department needs the names and addresses of

³⁵ 2017 Report, p. 30. The term “amnesty” appears 31 times in the Report even though Airbnb owes no taxes from which it should be granted amnesty.

³⁶ 2017 Report, p. 11.

³⁷ See MTC, “Multistate Voluntary Disclosure Program.”

³⁸ The 2017 Report seems to reverse this point by stating that tax agencies “depend on information they secure from other agencies concerning general business registrations, professional and occupational licensing, unemployment and worker’s compensation records, building permits and more. Other public agencies support the tax system.” 2017 Report, p. 31. Under a VCA, Airbnb supplies all the information that is needed for a tax agency to audit the accuracy of the payment. It is the other agencies that want to obtain personal information on the hosts.

thousands of hosts to guard against this hypothetical possibility of doctored software.

Even the author of the 2017 Report seems to realize how absurd this speculation is by quickly backing off. “The purpose of this discussion is *not* to suggest that Airbnb does nor would program its software in this manner or engage in tax cheating. No such accusations are being made here.”³⁹

So why raise the example at all? Apparently because if “an otherwise reputable multinational company [Volkswagen] has notoriously violated laws by using procedures and software structures,”⁴⁰ then so can Airbnb. Implicitly, every large business is a potential crook. More innuendo follows, suggesting that Airbnb might keep the equivalent of two sets of books through hidden sophisticated software. This is “exactly what the anonymous data provision in the Airbnb agreements invites — two sets of books.”⁴¹ Again, the author immediately walks this back too: “Whether Airbnb accepts that invitation is unknown.”⁴² By now, it is hard to consider Dieselgate as an “argument” against confidentiality or to take it seriously. But the 2017 Report has one final bizarre blow to strike. “If the West Virginia scientists [who discovered Dieselgate] were operating under the equivalent of the Airbnb agreements,” they never would have discovered the scandal.⁴³ This type of “argument” is the refuge of those who have nothing left to say, and resort instead to fanciful speculation and hypotheticals.⁴⁴

IV. Myths Versus Realities: The 2019 Report and 2019 Harangue

In what appears to have become an annual event, on April 15, 2019 — tax day — the Hotel Association released its second commissioned

report (2019 Report, by the same author of the 2017 Report), which repeats many of the same shopworn myths debunked above. In its press release (2019 Harangue), the Hotel Association, using language identical to its 2018 Harangue, described the VCAs as “back-room deals and strong-arming state and local jurisdictions into ‘voluntary’ deals with no transparency, oversight or auditing capability for years.”⁴⁵ These are the identical flimsy assertions that have been discredited above and do not become true just because they are repeated. “Airbnb’s secret tax agreements are hurting communities across America by shortchanging their schools, infrastructure, and other public services.” Apparently, the public officials whose full quotes are set forth in the Appendix, which laud Airbnb’s VCAs, think differently about the revenue generated by those agreements that support projects that would not otherwise have been undertaken.

In addition to trotting forth the old myths, the 2019 Report adds one new and misleading assertion. In 2018 the U.S. Supreme Court ruled in *Wayfair* that vendors without a physical presence in a state can now be made in certain situations to collect a state’s sales tax.⁴⁶ The 2019 Report states that this case “removes any doubt that Airbnb constitutionally has a sufficient connection to states to be mandatorily required to collect lodging and sales taxes.”⁴⁷ Airbnb should now be “moved” out of its VCAs and “into mandatory collection status” as the states “implement the *Wayfair* decision.”

The reality is that Airbnb did not rely on whether it had a physical presence in a state. Airbnb’s arguments were primarily that the law did not cover it. Where the law does cover it, Airbnb pays the required taxes. *Wayfair* is irrelevant.

³⁹ 2017 Report, p. 25 (emphasis in the original).

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.*

⁴⁴ In this same vein of paranoia and fantasy, the 2017 Report raises the possibility that Airbnb could “make a profit on tax collections, charging one amount to guests and sending a lesser amount to tax authorities with no real risk of discovery.” 2017 Report, p. 34. Airbnb allows a tax department to audit its tax calculation method.

⁴⁵ “Report,” *supra* note 6.

⁴⁶ See Richard D. Pomp, “*Wayfair*: Its Implications and Missed Opportunities,” *State Tax Notes*, June 10, 2019, p. 899; and forthcoming 58 *J.L. & Pol’y* 1 (2019).

⁴⁷ The 2019 Report is available through a link in the Hotel Association’s electronic press release, *supra* note 6, and is not paginated (or dated), which makes citations to it difficult.

Of course, many remote vendors did *not* have a physical presence in a state, and before *Wayfair* they were not required to collect a sales tax⁴⁸ on their internet sales. For them, *Wayfair* is indeed a game-changer — but not for Airbnb.

In response to *Wayfair*, many states have adopted so-called platform or market facilitator legislation requiring vendors to collect taxes not only on their own sales, but also on sales by third parties selling on their websites. (Some states had adopted platform legislation even before *Wayfair*.)⁴⁹

This platform legislation was primarily directed at Amazon.com, Target.com, Walmart.com, eBay.com, Esty.com, and the like. The 2019 Report calls for the VCAs to be folded into these new platform laws: “new laws that apply equally to the full range of electronic marketplaces.”

The Myth: The Platform Legislation Eliminates the Need for VCAs

The Reality: The VCAs Fill the Gap Between the New Platform Legislation and the Collection of Hotel Taxes

The 2019 Report’s argument that the platform legislation eliminates the need for the VCAs is yet another myth. To take just a few examples, Oklahoma, Pennsylvania, and California have platform statutes that cover only the sale of tangible personal property. Services like that provided by Airbnb are not covered. The coverage of other platform statutes is less clear, including whether they apply to local taxes, and might have to be clarified through litigation.

Airbnb has around 20 VCAs with California communities.⁵⁰ Clearly, these should not be eliminated because the loss in revenue would not be offset by taxes raised under the platform statute, which does not cover Airbnb.

⁴⁸ Technically, the tax they were not collecting was a “use” tax and not a sales tax, but the distinction between a sales tax and a use tax is often blurred. See Richard D. Pomp, “Did South Dakota Make a Strategic Error in Drafting its *Wayfair* Statute?” *J. St. Tax’n* (forthcoming, 2019).

⁴⁹ See Richard D. Pomp, *State and Local Taxation*, 9th ed., pp. 9-136 to 9-148 (2019).

⁵⁰ See, e.g., *supra* note 17.

California indicates that contrary to the myth promulgated by the 2019 Report, a gap in coverage exists between some platform legislation and the collection of hotel taxes. The VCAs fill that gap.

The Reality: Platform Legislation Is Not Monolithic and Not a Panacea

The 2019 Report erroneously assumes that the platform legislation being adopted across the country is monolithic. As indicated above, the reality is that considerable variety exists.⁵¹

The MTC staff is collecting information on how states are implementing platform legislation to determine what problem areas have emerged. A senior tax official in the Washington State Department of Revenue said that “the information coming in from marketplace facilitators regarding third-party sales is much more complicated than auditors expected,”⁵² just one sign that the platform laws are not a panacea and that a state should not assume that the VCAs are otherwise unnecessary.

A former official of the Colorado DOR noted that “the states tend to lose sight of the fact that vendors are really acting as their agents, not as taxpayers in and of themselves,”⁵³ an error made by the 2017 Report in many places. This same official observed that “each state is adopting its own variation of the *Wayfair* thresholds or marketplace facilitator requirements, and remote sellers are having difficulty figuring it all out for compliance purposes. I do think there’s not just confusion, but contradiction among the various state approaches.”⁵⁴

One recent proposal called for the National Conference of State Legislatures to collaborate

⁵¹ See Walter Hellerstein, John A. Swain, and Jonathan E. Maddison, “Platforms: The Sequel,” *State Tax Notes*, Jan. 7, 2019, p. 7. After surveying the platform legislation among the states at the time of their article, the authors conclude that “the precise details and operation of state platform regimes vary from state to state.” Their conclusion is consistent with that of the others quoted in the text *infra*. See also Martin I. Eisenstein and David Swetnam-Burland, “Chaos Theory: The States’ Response to *Wayfair*,” *State Tax Notes*, June 10, 2019, p. 887. (“The actual result of *Wayfair* has not been the smooth transition predicted, but chaos.”)

⁵² Quoted in Amy Hamilton, “MTC Identifying Issues for ‘*Wayfair* Phase II’ Project,” *State Tax Notes*, May 6, 2019, p. 541.

⁵³ *Id.*

⁵⁴ *Id.* Eisenstein and Swetnam-Burland, *supra* note 51, describe this confusion and contradiction as “chaos.”

with the MTC and others to review the states' platform laws.⁵⁵ As platform legislation becomes increasingly common, the lack of uniformity with thresholds, effective dates, coverage, and so forth will underscore the need for the VCAs.

The VCAs have an important role to play until the problems with the platform legislation are sorted out, which may require years of litigation or legislative change. The reality is that collection under the VCAs is better than litigation or waiting for statutes to be amended. In states where platform legislation (or other statutes) appear to cover Airbnb, the company coordinates its VCAs with such legislation.

Myth and Reality: Airbnb Already Issues Information Reports to the IRS and Provides Information on Reporting Rental Income on Its Website

The 2019 Report proposes that states "require electronic [marketplaces] to provide, for income tax compliance purposes, 1099 reports of earnings exceeding \$600 by in-state sellers, including owners of lodging facilities."

The Reality. The reality is that Airbnb already files information returns as required under the IRC. For example, it files Form 1099-K⁵⁶ for hosts whose gross annual earnings exceed \$20,000 and who had more than 200 transactions in a calendar year. Service providers such as photographers and translators who receive more than \$600 in a calendar year receive Form 1099-MISC in accordance with IRS regulations.

Airbnb has information on its website facilitating the payment by hosts of their federal income taxes on their rental income. For example, "Should I expect to receive a tax form from Airbnb?"⁵⁷ "Why is Airbnb requesting my taxpayer information?"⁵⁸ and "Resources for the

⁵⁵ Paige Jones, "State Marketplace Laws Should Be Reviewed, NCSL Panelist Says," *State Tax Today*, May 13, 2019.

⁵⁶ IRC section 6050W(c)(2) requires that banks and merchant services report to the IRS annual gross payments processed by credit cards and debit cards, as well as to the merchants that received them. Credit card payments are reported on Form 1099-K. Merchants must provide the payment processor with the full legal names of their businesses, their addresses, and their employer identification numbers. If no EIN exists, a merchant could become subject to backup withholding at a rate of 28 percent.

⁵⁷ Airbnb, "Should I Expect to Receive a Tax Form From Airbnb?"

⁵⁸ Airbnb, "Why Is Airbnb Requesting My Taxpayer Information?"

2018 US Tax Season."⁵⁹ It also provides links to information on the federal taxation of rental income.⁶⁰

V. Non-Tax Innovation

The Hotel Association paints such a distorted view of Airbnb that I would be remiss not to emphasize some of its many innovations besides the voluntary collection of taxes. To be sure, Airbnb has not grown at its pace without encountering some speed bumps. All similar companies do. What separates companies is how they respond to the inevitable footfalls. Airbnb has responded with novel and interventionist approaches.

For example, to help prevent bad actors from ever using Airbnb, the company has adopted a scoring system. Each reservation is scored ahead of time for risk. A real-time detection system exists using artificial intelligence and predictive analytics to flag suspicious activity, which could include blocking a person from the platform.

All hosts and guests, wherever located, are screened against regulatory, terrorist, and sanctions watch lists. For U.S. residents, background checks identify prior felony convictions, sex offender registrations, and significant misdemeanors. This type of approach is expanding to other countries.

The company has a multilayer defense strategy to identify fake or misrepresented users and listings and possible scams. Similarly, it has numerous safeguards to protect the transfer of funds on its platform.

Airbnb has a Trust and Safety team with offices in San Francisco; Portland, Oregon; Dublin; and Singapore. The department is made up of engineers, 24/7 response agents, data scientists, product managers, designers, law enforcement liaisons, crisis managers, and victim advocacy specialists, in combination with privacy, cybersecurity, insurance, and fraud experts.

In the rare event that any issue should arise, Airbnb's global Customer Service and Trust and Safety teams are on call 24/7, speaking 11 different

⁵⁹ Airbnb, "Taxes."

⁶⁰ EY, "Airbnb: General Guidance on the Taxation of Rental Income" (Jan. 2017).

languages and providing rebooking assistance, refunds, reimbursements, and support programs, such as the Host Guarantee and Host Protection Insurance. The former provides a free \$1 million in damage protection per booking. The latter provides home-sharing hosts with additional protection against third-party claims of property damage or bodily injury up to \$1 million.

Airbnb offers safety workshops for hosts that provide the latest advice from experts, and it supplies free smoke and carbon monoxide detectors.

VI. Conclusion

This article debunks the myths flogged by the Hotel Association about Airbnb in the 2017 and 2019 Reports and in its 2018 and 2019 harangues.

Every law student learns the old legal aphorism, “If you have the facts on your side, pound the facts. If you have the law on your side, pound the law. If you have neither on your side, pound the table.” The Hotel Association could be a poster child for pounding the table.

The Hotel Association recklessly flings about vacuous slogans, seeing what will stick. “Airbnb does not pay its fair share of taxes.” But the VCAs cover taxes that Airbnb does not owe. Airbnb voluntarily collects and remits taxes for the hosts at its own expense — what is unfair about that? Airbnb does so while protecting the security and privacy of the hosts.

“Airbnb engages in secret, closed-door deals.” Not so secret when the footnotes in this article contain links to many of the agreements, press releases, and places where one can watch public debate over the collection agreements.

Contrary to what the Hotel Association would have the public believe, Airbnb actually supports the taxation of short-term rentals — ironically, it is the Hotel Association that opposes it.

As the Appendix graphically illustrates, municipal officials disagree with the charges by the Hotel Association because they effusively praise Airbnb and its collection efforts.

The Hotel Association feebly wraps itself in the mantle of fairness, openness, and the rule of law, but it cannot claim the high ground. Its grandiose efforts represent nothing more than thinly veiled fears of competition.

The Hotel Association’s besmirching of Airbnb’s voluntary collection of taxes that it does not owe is reminiscent of another aphorism: “No good deed goes unpunished.”

Appendix: Unedited Statements by Public Officials in Support of Airbnb

State of Arizona — Gov. Doug Ducey (R): “This groundbreaking agreement is a signal to entrepreneurs across the U.S. that Arizona is a state that empowers innovative companies like Airbnb to set up shop and expand their operations. Making it easier for companies to service Arizonans without jumping through an outdated tax and regulatory system is a win for everyone. It helps our economy grow, these companies expand, and the thousands of Arizonans who are benefiting from this new and exciting economy thrive.”

“It’s exciting to see companies like Airbnb expand and continue to thrive in Arizona. Airbnb’s presence in the state has sparked positive economic impacts and given tourists more options when planning their trips.”

State of Alabama — Department of Revenue Commissioner Julie Magee: “This agreement will increase compliance in this area, and I commend Airbnb’s willingness to take the steps necessary to ensure that the appropriate taxes are being remitted. This is great revenue, new revenue for the general fund that we have had spotty collections in the past.”

State of Colorado — DOR Taxpayer Services Division Director Eric Myers: “The State of Colorado appreciates the cooperation of Airbnb to collect these short-term rental taxes on behalf of their hosts. This is a great example of the public-private sector working together in support of fair and equitable tax laws that benefit citizens and strengthen our local communities. This partnership to facilitate voluntary tax compliance helps the State of Colorado to efficiently collect tax revenue that funds essential government functions for our local jurisdictions.”

State of Connecticut — Commissioner of Revenue Services Kevin Sullivan: “We appreciate the opportunity to take this step forward with Airbnb and hope that it will be a model for others. While the total annual revenue impact of the agreement is modest for

Connecticut, it recognizes the growing complexity of taxation in a world of newly emerging ways of doing business. DRS plans to issue guidance with respect to similar businesses in the months ahead."

Myrtle Beach, South Carolina — Chamber of Commerce CEO Brad Dean: "Airbnb is a successful, fast-growing company in the lodging industry, and they need to pay the appropriate taxes. While we welcome economic disruptors like Airbnb to our market, we must also ensure a level playing field for all businesses. Otherwise, out-of-state businesses could benefit unfairly, with our community paying the price. This agreement helps to ensure an equitable competitive environment and sets a precedent that other companies in the lodging sector can follow."

State of Kentucky — DOR Commissioner Daniel P. Bork: "We are extremely pleased to announce this agreement with Airbnb. Our goal is to work with all taxpayers fairly and equitably to ensure the appropriate taxes are paid and this agreement achieves that. Kentucky's tourism sector is a huge economic driver for the state, so it is important to collect revenues for enhancing the quality of life for Kentuckians and our visitors."

State of Vermont — Department of Taxes Commissioner Mary Peterson: "Since the launch of sites similar to Airbnb, we have been working to fit our existing rules and regulations onto new structures of business. It's not always easy, especially when a host finds out through an audit years later that they were responsible for collecting and remitting the rooms tax. This agreement allows for voluntary compliance which is good for Vermont and all taxpayers."

Los Angeles — Mayor Eric Garcetti: "I am announcing today that my budget includes an additional \$10 million for the Affordable housing Trust Fund. Half of this money is being generated because for the first time, we are going to collect taxes from Airbnb."

Memphis, Tennessee — Mayor Jim Strickland: "It's important to our administration that government be able to work seamlessly with businesses and residents, and this agreement is evidence of that, I especially thank City Council member Kemp Conrad, who worked so hard on this partnership. The economic impact of Airbnb

speaks for itself, and I'm glad that so many people from out of town are experiencing the warm hospitality for which Memphians are well known."

Cuyahoga County, Ohio — Destination Cleveland CEO David Gilbert: "Airbnb helps us diversify the lodging options available to visitors whose travel styles support the sharing economy. The company's willingness to collect the bed tax illustrates their commitment to growing the region's tourism sector while creating an authentic experience for visitors who are exploring Cleveland's world-class attractions."

Cleveland, Ohio — City Councilman Kerry McCormack: "Last year, Cleveland demonstrated national leadership in taking full economic advantage of the burgeoning sharing economy. This windfall of new revenue will go a long way towards better marketing our city as a global hub for family-friendly tourism."

Louisville, Kentucky — Metro Revenue Commission Director Angela Dunn: "We are always looking for opportunities to better serve taxpayers. This agreement advances that goal by streamlining the local tax process for hosts."

Lexington, Kentucky — Commissioner of Finance Bill O'Mara: "This agreement ensures that the City is taxing Airbnb in the same way it taxes local hotels. The revenue goes to VisitLEX and Lexington Center, which promote local tourism and help fuel our economy."

Evanston, Illinois — Mayor Stephen Hagerty: "With our beautiful lakefront, booming culinary scene, unique local shops, and world-renowned institutions like Northwestern University, Evanston has quickly become a top destination for visitors from near and far. Home sharing allows even more visitors to stay in our community, patronize local businesses, and experience all that Evanston has to offer. I'm pleased that Airbnb has made it easy for hosts to share their homes while also contributing to the tax base."

Duluth, Minnesota — CFO Wayne Parson: "This agreement will level the playing field for hosts using the Airbnb platform and lessen the City's administrative burden for assuring tax collection compliance. More importantly, hosts using the Airbnb platform will have their administrative burden lessened by not having to

file collection reports and remit tax collections directly with the City. I consider this a win-win scenario for all involved.”

Green Bay, Wisconsin — Mayor Jim

Schmitt: “We’re pleased to participate in an agreement with Airbnb, and we see this both as an opportunity for visitors to our community and as a revenue source for the city of Green Bay.”

Pinellas County, Florida — Tax Collector

Diane Nelson: “We have been pleased with the outcome and have heard from their hosts how much they appreciate Airbnb handling the tax obligations on their behalf.”

Tampa, Florida — Mayor Bob Buckhorn:

“This agreement is yet another way to allow people traveling to the City of Tampa more options to authentically experience our incredibly unique culture and neighborhoods. I’m proud of this collaboration with Airbnb to enhance Tampa’s status as a truly world class city and am excited to work with my Hillsborough County counterparts to put this new tax revenue stream to good use.”

Orange County, Florida — former

Comptroller Martha Haynie: Airbnb was “so cooperative and helpful to get this set up. This will not only increase our revenue, but keeps the playing field leveled [for local hoteliers.] It was a lot easier than it was wringing the money out of the online travel companies. That took 10 years — this only took a few.”

Brevard County, Florida — Tax Collector

Lisa Cullen: “Managers or owners of rental property are responsible for collecting, accounting for and remitting Tourist Development Tax. This partnership guarantees that the tax is collected from the guest and remitted to the Tax Collector’s Office.”

Hillsborough County, Florida — Tax

Collector Doug Belden: “As an elected official tasked with the collection of tax revenue for Hillsborough County, it’s my job to ensure the best possible outcome for taxpayers and the county.”

Orange County, Florida — Comptroller

Phil Diamond: “It’s a lot easier to deal with one taxpayer as opposed to thousands of individual taxpayers. It’s easier for the taxpayers to comply

with the law because Airbnb takes care of all the details and the paperwork for them.”

Polk County, Florida — Tax Collector Joe Tedder: “Relationships with rental platforms like Airbnb are critical for Polk County because our vacation housing represents a major portion of our rental properties. We are excited for the opportunity to bring in the important tax revenues due which are used to promote tourism and in turn generate greater economic activity in Polk. For example, we anticipate that greater revenues will now be remitted from major events such as Major League Baseball Spring Training and Sun ‘n Fun Fly-In.”

Leon County, Florida — County Commission Chair John Dailey: “Tonight’s agreement represents an investment in the long-term success of Leon County’s tourism and economic development efforts.”

Sarasota County, Florida — County Administrator Tom Harmer: “We are pleased to have reached this agreement in collaboration with Tax Collector Barbara Ford-Coates. . . . This is an important revenue source the county uses to promote tourism and encourage economic growth for the benefit of our residents.”

Sarasota County, Florida — Tax Collector Barbara Ford-Coates: “This agreement levels the playing field for all short-term rentals in Sarasota County by requiring Airbnb to collect and remit the Tourist Development Tax. I’m glad we could reach this agreement, which will bring hosts into compliance and generate additional dollars for our community.”

Monroe County, New York — County Executive Cheryl Dinolfo: “Monroe County is thrilled to host nearly 20,000 Airbnb guests here every year and this agreement will help us do even more to attract new visitors, jobs, and investment to our community moving forward. The agreement puts Airbnb in parity with our existing brick-and-mortar hotel and motel lodgings, while still providing consumers the convenience and choice offered by home sharing through Airbnb. Best of all, the revenue generated by Airbnb will be invested in regional quality-of-life assets that support local jobs and our economy.”

Cayuga County, New York — Meg Vanek, executive director, Office of Tourism: “Airbnb is a popular piece of the growing sharing economy that visitors expect to see, so we are very pleased that Airbnb is acting as a responsible partner with Cayuga County, helping our dynamic tourism program continue to evolve. In order to bring more visitors to the area, we need to stay competitive in our investment in tourism marketing, and the additional revenues generated by Airbnb properties will help us reach that goal.”

Fulton County, New York — County Treasurer E. Terry Blodgett: “We are pleased and excited to be entering into this affiliation with Airbnb, which we believe will be beneficial for both the County and those renting out their homes or camps. As Airbnb will now collect and submit the 4 percent Occupancy tax on behalf of the homeowner for any rentals made through their website, this will significantly simplify the collection process for Airbnb users. Better yet, this service is provided at no cost to the County or homeowner.” ■

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