



**TESTIMONY OF ALEX DAGG, PUBLIC POLICY, AIRBNB**  
**NEW YORK STATE JOINT BUDGET HEARING ON TAXES**  
**WEDNESDAY, FEBRUARY 16, 2022**

Thank you for the opportunity to submit written testimony. For more than a decade, Airbnb has served as an important economic tool for New Yorkers by providing a platform for them to leverage space in their homes to generate much-needed supplemental income. Through opening their homes, New York Hosts provide unique and authentic lodging options for travelers looking to experience all parts of the state, all while supporting local economies through tourism and spending at small businesses.

Just as Airbnb has provided a means of empowerment to New Yorkers, Hosts in the Empire State have returned the favor by presenting creative and impactful ways of leveraging our platform to benefit their communities. When Superstorm Sandy struck the five boroughs in 2012, Airbnb Hosts organized to open their doors for free to New Yorkers in need of housing. That early example of community organizing inspired Airbnb to launch similar programs in response to disasters across the country and around the world. In early 2020 as COVID-19 hit New York, Airbnb partnered with the NYS Nurses Association and 1199 SEIU, providing free lodging to more than 250 nurses and healthcare professionals, allowing them to safely quarantine separate from their loved ones. Most recently, Airbnb was able to successfully partner with the Gambian Youth Organization of the Bronx to provide housing to families impacted by the historic fire in January of this year.

Throughout the COVID-19 pandemic, Airbnb has offered a safe and affordable way for New Yorkers and their families to plan getaways within the state as guests. As Hosts, home-sharing has also emerged as a valuable resource for New Yorkers, allowing them to generate supplemental income during what has been a financially challenging time for many. Between Jan. 1 and Sept. 30, 2021, new Hosts in New York with only one listing earned \$49 million.



According to a recent survey of our Host community in New York State<sup>1</sup>:

- Approximately 20 percent lost a job or were laid off as a result of the pandemic
- Approximately 30 percent experienced a pay cut or reduced hours
- Approximately 55 percent of Hosts said renting on Airbnb helped them stay in their home;
- Nearly 20 percent of Hosts said renting on Airbnb helped them avoid eviction or foreclosure;
- Nearly 10 percent of Hosts work in education; and,
- Nearly 10 percent of Hosts work in health care

In 2022 and beyond, we look forward to continuing to aid in New York's economic recovery by providing a wide range of opportunities for Hosts, visitors and partners. As part of contributing to this ongoing recovery, **Airbnb is in support of FY 23 Executive Budget proposal (Revenue Bill, Part V) to mandate and streamline tax collection for all vacation rentals, subject to amendments which would ensure fair competition in the marketplace, certainty among Hosts and guests, and a full and uniform capture of all relevant taxes.** These critical amendments include updating the definition of Vacation Rental Marketplace Provider to capture all short-term rental platforms, ensuring removal of the state's Bungalow exemption to make certain all short-term rentals are deemed taxable, and expanding the taxes applied to also include county occupancy taxes and the NYC Hotel Room Occupancy Tax.

### **Background**

In dozens of states throughout the country, Airbnb and other home sharing platforms are legally authorized to collect and remit taxes. This includes neighboring states of New Jersey, Pennsylvania, Connecticut, Rhode Island, Vermont, Maine and New Hampshire. Revenue Bill, Part V rightfully seeks to rectify this issue by requiring short-term rental platforms to remit taxes on behalf of their Hosts.

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<sup>1</sup> According to a survey of 6,250 US-based Airbnb Hosts between Feb 1, 2021 to Mar 3, 2021



As currently proposed, the Executive budget would generate tens-of-millions of dollars in revenue for the state and local governments – money that can be directed towards specific projects to address issues like homelessness, housing, and economic development.

**Beyond the state-applied taxes proposed in the Executive budget, Airbnb also supports the collection of New York City and county occupancy taxes for all platforms.** In fact, unlike many of our competitors, we’ve led the way, working to enter into voluntary collection agreements with 35 of the state’s 62 counties over the last several years to collect and remit occupancy taxes on behalf of our Hosts. In 2019 alone, Airbnb collected and remitted approximately **\$3.3M** of taxes to New York counties through these agreements.

**Based on Airbnb’s bookings for the period of Sept. 2020- Sept. 2021 we estimate the following would have been generated by our platform alone if the associated taxes were applied,** not including any taxes that would also be collected by our competitors.

In Scope of Current Proposal					Additional Taxes	
NYS Hotel Room Unit Fee	NYS Sales Tax (inside NYC)	NYS Local Sales Tax	NYS Sales Tax (outside NYC)	NYS Local Sales Tax (NYC)	County Occupancy Taxes	NYC Hotel Room Occupancy Taxes
\$ .6 million	\$12.3 million	\$23.4 million	\$23.4 million	\$14.8 million	\$26.3 million	\$17.4 million

**Amendments Necessary to Part V of the Revenue Budget Proposal**

We believe there are a few crucial amendments needed to ensure that New York State treats all home sharing and vacation rental providers equally and fully realizes all potential tax revenue;

- Include collection of the NYC Hotel Room Occupancy Tax and County Occupancy taxes. While the Executive Budget proposal seeks to collect state taxes on home-sharing activity, it does not address the collection of local occupancy taxes by New York’s counties or New York City. This revenue is critical for the state’s local governments,



allowing them to support tourism marketing, infrastructure, and other important projects. As noted, Airbnb currently has agreements to voluntarily collect county occupancy taxes in over half the state. However, these agreements can be cumbersome, confusing for stakeholders and only apply to Airbnb - not the many other platforms that are currently operating. It's time for New York to remove these barriers and streamline this process for all counties by mandating the collection of the local bed taxes as well as New York's Hotel Room Occupancy Tax for all platforms. Doing so will finally assure the state's local government's receive their fair share, and serve as an important step towards providing parity and consistency throughout the industry.

- The definition of "Vacation Rental Marketplace Provider" must be amended. The budget proposal's current definition only includes marketplaces that collect the fees (as a payment processor) paid for the vacation rental or short-term rental – which not all platforms do. Some platforms do not collect the rent on behalf of their users but do collect their own fees. We recommend updating the definition of "Vacation Rental Marketplace Provider" to include all platform business models, those that facilitate short-term and vacation rentals as well as collect fees for providing these rental services. This will eliminate loopholes for platforms to avoid paying these taxes.
- Ensure elimination of the bungalow exemption. In order to clarify and expand the taxable activity covered in the Executive Budget proposal, the state must ensure elimination of the bungalow exemption by updating the definition of Vacation Rental. Without this clarifying language, it's likely a large portion of current short-term rental activity would be considered nontaxable, and New York will miss the opportunity to generate significant revenue from the industry.

Thank you again for the opportunity to testify in support of the Revenue Bill, Part V. Enacting this budget proposal to legalize the taxation of vacation rentals and home sharing, including the proposed amendments, will be essential in providing much needed revenue to New York's state and local governments while providing parity and consistency amongst the industry. By including these recommendations, New York State and localities will be able to fully realize this crucial tax revenue for the state, local and county governments.



## APPENDIX

### **Recommended Taxes**

1. NYC Hotel Room Occupancy Tax - Collected by NYC Department of Finance, with revenue going to the City General Fund
  - 5.875% + \$0.50-\$2 per night per room (rooms with rent of \$40+/night are subject to the full \$2/night/room fee) + \$0.50-\$2 per night per room (rooms with rent of \$40+/night are subject to the full \$2/night/room fee)
2. County Occupancy (“Bed”) Taxes - Collected by New York counties
  - Varied Rates from 2% - 7%
3. State Administered City Sales Tax - Collected by the State and remitted to NYC
  - 4.500%
4. State Administered Local Sales Tax [Outside of NYC] - Collected by the State
  - 3% - 4.75%
5. New York State Sales Tax [Outside NYC] - Collected by the State
  - 4% - 4.375%
6. New York State Sales Tax [Inside NYC] - Collected by the State
  - 4.375%
7. New York State Hotel Unit Fee - applies to lodging in NYC only and is collected by the State for State General Fund
  - \$1.5 Per Unit Per Night

### **Definition of “Vacation Rental Marketplace Provider”**

*In order to ensure universal collection of the taxes proposed, an amendment to the definition of marketplace provider is needed to collect STR taxes from all relevant platforms. The definition of Vacation Rental Marketplace Provider should be updated to read:*

(i) Vacation rental marketplace provider. A person or entity who, in exchange for a fee and pursuant to an agreement with an operator, facilitates the occupancy of a vacation rental. A person “facilitates the occupancy of a vacation rental” by either: (A) providing the forum in which an operator can list or advertise a vacation rental for occupancy; or (B) providing the forum in which, or by means of which, the offer for occupancy is accepted.



(ii) For the purposes of this article, the term "vacation rental marketplace provider" shall not include a "room remarketer" as defined in paragraph eight of this subdivision. The term "vacation rental marketplace provider" shall not include a "real estate broker" as licensed under article twelve-A of the real property law, provided the real estate broker does not meet the definition of a "vacation rental marketplace provider" under subsection XX"

### **Ensure Removal of the Bungalow Exemption**

(9) Vacation rental. A building or portion of it that is used for the lodging of guests. The term "vacation rental" includes a house, an apartment, a condominium, a cooperative unit, a cabin, a cottage, or a bungalow, **or similar furnished living unit that is limited to a single family occupancy**, or one or more rooms therein, where sleeping accommodations are provided for the lodging of paying occupants, the typical occupants are transients or travelers, and the relationship between the operator and occupant is not that of a landlord and tenant. It is not necessary that meals are served. A building or portion of a building may qualify as a vacation rental whether or not amenities, including but not limited to daily housekeeping services, concierge services, or linen services, are provided.