



Albemarle County

Legislation Text

File #: 17-407, **Version:** 1

AGENDA DATE: 6/14/2017

TITLE:

Short Term Lodging Rental Business License Ordinance

SUBJECT/PROPOSAL/REQUEST: Public hearing to consider a proposed ordinance regarding licensing and taxing of short-term lodging rentals

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Walker, Letteri, Kamptner, Herrick, Burrell, Lamb

PRESENTER (S): Betty Burrell

LEGAL REVIEW: Yes

REVIEWED BY: Douglas C. Walker

BACKGROUND: At its March 8, 2017 meeting, the Board expressed its desire to render all residential transient lodging a taxable activity in Albemarle County, and directed staff to accelerate the process of identifying and implementing any necessary changes to the County's tax code and Zoning Ordinance.

County Code § 8-616 subjects a number of repair, personal, business and amusement services to the business, professions, and occupations licensing and tax ("BPOL") requirements. County Code § 8-619 subjects the renting of houses and other buildings and properties to the same requirements.

In order to subject short-term lodging rentals to BPOL, staff recommended to the Board at its May 3, 2017 meeting that it consider amending County Code § 8-616(C) to add short-term lodging rentals to the class of businesses that include hotels and other similar transient lodging, and County Code § 8-619 to clarify that that section does not apply to short-term lodging rentals. The Board set the proposed ordinance amendments for a public hearing.

STRATEGIC PLAN: Economic Prosperity: Foster an environment that stimulates diversified job creation, capital investments, and tax revenues that support community goals

DISCUSSION: Staff's attached proposals would revise two sections of Chapter 8 (Licenses) of the County Code:

* **Sec. 8-616 (C)** - BPOL classification for "other lodging facilities" - To add "other [lodging] facilities offering guest rooms rented out for continuous occupancy for fewer than 30 consecutive days" to the "Repair, Personal, and Business service" license class that include hotels and other similar transient lodging, in conformance with Virginia Code § 58.1-3706.

Purpose of this proposed change: To require all applicable providers of transient lodging to obtain a business license and to pay the applicable license fees/taxes.

Consequence of this change: License taxes will be collected from all applicable transient lodging providers.

This change will result in increased revenue although the amount of revenue cannot be estimated at this point.

* **Sec. 8-619** - BPOL - Rental by Owner license clarification - “other [lodging] facilities” are excluded from the rental by owner business license class.

Purpose of this proposed change: To clarify that Sec. 8-619 applies to rental by owner businesses (one or more rooms in a dwelling house or apartment designed for occupancy by one family for living purposes) and it does not apply to transient lodging providers (hotels, boardinghouses, rooming houses, or other facilities offering guest rooms rented out for continuous occupancy for fewer than 30 consecutive days).

Consequence of this change: County staff does not expect any negative fiscal impact from this change.

BUDGET IMPACT: BPOL classification for “other lodging facilities” - Amending the County Code to capture transient occupancy tax and to more broadly allow transient lodging use would result in increased revenue. Staff is unable to project at this time the amount of increased revenue and what resources would be required to collect the additional revenue and bring business operators into conformity. (§ 8-616 (C)).

RECOMMENDATION:

Staff recommends that the Board adopt the attached proposed ordinance (Attachment A).

ATTACHMENTS:

A - Proposed Short Term Rental License Ordinance