



Legislation Text

File #: 22-648, Version: 1

Memorandum

Date: June 21, 2022

To: The Honorable Lake County Board of Supervisors

From: Susan Parker, County Administrative Officer

Subject: Consideration of Transient Occupancy Tax - Voluntary Collection Agreements

Executive Summary:

Your Board has previously supported efforts to ensure that short term rentals throughout the County are properly registered and paying the required Transient Occupancy Taxes (TOT). The Lake County Tourism Improvement District (LCTID) has explored options that could ensure online platforms, primarily Airbnb and VRBO, would automatically collect and remit the required TOT. Through the Voluntary Collection Agreement (VCA) with these platforms, they will require their operators to collect the tax through the standard listing process. At this time, operators using these platforms have to build the tax into their advertised price, which has raised concerns that they are facing unfair competition from unregistered operators.

On April 12, 2022, your Board directed staff to simultaneously pursue both Voluntary Collection Agreements (VCA) and undertake another effort to identify all currently unregistered short-term rental operators. After a preliminary review, staff believes this approach is not feasible.

In order to pursue the identification of the unregistered operators it will be necessary to issue a Request for Proposals (RFP), as there are now multiple software providers of the services previously utilized through Granicus - Host Compliance. This RFP would need to be written under the premise that there will not be a VCA in place.

Since a requirement of the VCA's has been a condition not to pursue back taxes owed by those operators covered in the VCA, it will be necessary to complete both the investigation and enforcement actions associated with all unregistered operators prior to negotiating a VCA. Given further limitations on staff capacity, coupled with the need for an RFP, this could potentially take 12-18 months to complete. After the VCAs are implemented it would likely be necessary to conduct another RFP after we determine what type of software model is appropriate going forward. The loss of automatically collected revenue and County staff time during this period would likely not outweigh the benefit that would be gained from entering into a VCA sooner.

If your Board still ultimately intends to enter into VCAs, staff would recommend proceeding directly with those agreements.

If not budgeted, fill in the blanks below only:

Estimated Cost: _____ Amount Budgeted: _____ Additional Requested: _____ Future Annual Cost: _____

Consistency with Vision 2028 (check all that apply):

☐ Not applicable

- | | | |
|---|---|--|
| <input type="checkbox"/> Well-being of Residents | <input type="checkbox"/> Public Safety | <input type="checkbox"/> Disaster Prevention, Preparedness, Recovery |
| <input checked="" type="checkbox"/> Economic Development | <input type="checkbox"/> Infrastructure | <input type="checkbox"/> County Workforce |
| <input checked="" type="checkbox"/> Community Collaboration | <input checked="" type="checkbox"/> Business Process Efficiency | <input type="checkbox"/> Clear Lake |

Recommended Action: Direct staff to return with proposed Voluntary Collection Agreements.