



186985

Commissioner Nick Fish
City of Portland

DATE: January 14, 2015

TO: Mayor Charlie Hales
Commissioner Amanda Fritz
Commissioner Dan Saltzman
Commissioner Steve Novick
Auditor Mary Hull Caballero

FROM: Commissioner Nick Fish *MF*

SUBJECT: Amendment to Item 55

Pursuant to recent feedback from the Oregon Chapter of the ACLU, I propose the following amendments to Item 55:

Amend proposed addition to PCC 6.04.040(C) as follows:

“Additionally, upon request of the Bureau for any regulatory or tax administration purpose, Operators, which include Booking Agents, must provide all physical addresses of transient lodging occupancy locations within Portland city limits and the related contact information, including ~~but not limited to~~ the name and mailing address, of the general manager, agent, owner, or Host for the location. Any location and related contact information provided under this subsection is considered confidential and is not subject to public disclosure due to personal privacy concerns.”

Add emergency clause language as follows:

“Section 2. The Council declares that an emergency exists because delay would unnecessarily delay the implementation of this regulation; therefore, this ordinance shall be in full force and effect from and after its passage by the Council.”



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

Charlie Hales, Mayor
Kenneth L. Rust, Chief Financial Officer
Thomas W. Lannom, Revenue Bureau Director

Terri Williams, Tax Division Manager
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MEMORANDUM

186985

To: Mayor Charlie Hales
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman

From: Terri Williams, Tax Division Manager

Date: December 16, 2014

Subject: Amend Item 1334 – Ordinance – Amend City Code 6.04
Council Agenda December 18, 2014 3:30 pm Time Certain

This memorandum is a request to consider proposed amendments to Council item #1334 on December 18, 2014.

City Code 6.04

Explanation: Amend proposed new City Code Subsection 6.04.040 **B** to more broadly describe what “accepting payments” means by substituting new language (highlighted in yellow):

B. An Operator or Booking Agent that ~~accepts payments~~ directly or indirectly accepts, receives or facilitates payment, including through Application Programming Interfaces (APIs) or other computerized devices where third party providers receive information about a transaction and collect funds that may or may not be transmitted to the operator, owner or other person offering a Short-Term Rental, for transient lodging occupancy from a transient is required to collect, report and remit transient lodging taxes to the City of Portland in accordance with this Chapter.

Explanation: Amend proposed new City Code Subsection 6.04.040 **C** to clarify that the names and addresses of Host information provided by a Booking Agent to the Revenue Division is considered to be confidential by adding additional language (highlighted in yellow):

C. Additionally, upon request of the Bureau for any regulatory or tax administration purpose, Operators, which included Booking Agents, must provide all physical addresses of transient lodging occupancy locations within Portland city limits and the related contact information, including but not limited to the name and mailing address of the general manager, agent, owner or Host for the location. Any location and related contact information provided under this subsection is considered confidential and is not subject to public disclosure due to personal privacy concerns.

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IMPACT STATEMENT

Legislation title: Amend Transient Lodgings Tax to add definitions and clarify duties for operators for short-term rental locations (Ordinance; amend Code Chapter 6.04)

Contact name: Terri Williams

Contact phone: 5-2469

Presenter name: Thomas Lannom

Purpose of proposed legislation and background information:

With the amendments passed by City Council in August 2014 which legalized Accessory Short-Term Rentals in single family units in residential areas and the upcoming amendments being considered by City Council to extend this to multi-unit dwellings, it is critical to enforce these new regulations. There are over one thousand such short-term rentals operating within Portland, yet only a small fraction of them have obtained the permit required from the Bureau of Development Services (BDS) and are remitting the City's transient lodging tax. These short-term rentals advertise their availability through a number of online platforms, including but not limited to Airbnb, Home Away, VRBO (Vacation Rental By Owner), Flip Key and Craig's List. Any short-term rental being advertised through Airbnb has been remitting transient lodging taxes through the Airbnb platform since July 1, 2014.

These online platforms act as a booking agent for these short-term rental operators and it is often difficult to identify the short-term rental location and/or operator information on the online site to allow either BDS or Revenue to notify the operator of their permit and tax collection obligations. Additionally, if the booking agent is handling any part of the financial transaction between the transient (short-term rental customer) and the short-term rental operator (often called "host"), the booking agent is responsible for collecting and remitting the transient lodging tax to the City. And if they are only a hosting platform which allows buyer and seller to connect, then the online platform must be compelled to provide, upon request of Revenue the contact information and addresses of short-term rentals located within Portland. Finally, additional violations have been identified for non-compliance which allows the Director of Revenue to assess civil penalties of up to \$500 per violation consistent with other sections of PCC 6.04.

Financial and budgetary impacts:

These code changes clarify the City's expectations regarding short-term rental locations now that the majority of them are legal under the zoning code. These amendments will allow both BDS and Revenue to collect appropriate permit fees and TL taxes. Once a significant portion of the short-term rental operators have been identified and become compliant, the City may have a gross increase of up to \$500,000 in additional revenues annually (less Revenue's costs of collection which will not be incurred until online platforms provide host names and locations) Depending on how long it takes to get over a thousand individual rentals compliant, and any legal challenges, it may be one or more years before this revenue increase can be realized.

Community impacts and community involvement:

These code changes will enhance Revenue's ability to identify short-term rental operators and bring them into tax compliance and assist BDS with code compliance. Code compliance ensures that guests to Portland who choose this type of lodging are staying in legal bedrooms that meet appropriate safety standards, and it decreases the competitive disadvantage that legal rentals are experiencing because BDS and Revenue are unable to identify those short-term rentals that are not complying with City requirements. The community has been very involved with the past and proposed changes to the zoning code to legalize the various types of short-term rentals.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES:** Please complete the information below.
- NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount