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County of El Dorado

Legislation Details (With Text)

File #:	21-0885 **Version:** 1		
Type:	Agenda Item	**Status:**	Approved
File created:	5/18/2021	**In control:**	Board of Supervisors
On agenda:	6/8/2021	**Final action:**	6/8/2021
Title:	Treasurer-Tax Collector recommending the Board approve and authorize the Chair to sign Amendment I to Agreement for Services 4951 with Host Compliance LLC, a subsidiary of Granicus LLC, reducing the annual amount by $27,000 for a total annual contract price of $98,855 and extending the term one year to June 30, 2022, to provide short-term rental address identification, rental activity monitoring, tax audit support, compliance monitoring and a 24/7 rental hot line support. FUNDING: General Fund.		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. A - Counsel Approval, 2. B - Agreement, 3. Executed Agreement for Services 4951		

Date	Ver.	Action By	Action	Result
6/8/2021	1	Board of Supervisors	Approved	Pass

Treasurer-Tax Collector recommending the Board approve and authorize the Chair to sign Amendment I to Agreement for Services 4951 with Host Compliance LLC, a subsidiary of Granicus LLC, reducing the annual amount by $27,000 for a total annual contract price of $98,855 and extending the term one year to June 30, 2022, to provide short-term rental address identification, rental activity monitoring, tax audit support, compliance monitoring and a 24/7 rental hot line support.

FUNDING: General Fund**.**

DISCUSSION / BACKGROUND

The Treasurer-Tax Collector Department, Tax Division, administers the County's Transient Occupancy Tax (TOT) Program in accordance with Revenue and Taxation Code 7280 and El Dorado County Ordinance, Title 3, Chapter 3.28. Under the Program, the Department issues Short-Term Rental (STR) Business Licenses/TOT Certificates to property owners and manages the activities related to the filing and collection of quarterly TOT taxes. There are currently approximately 967 active Business Licenses/ TOT certificates indicating 3,868 quarterly tax filings.

The Planning and Building Department administers the County's Vacation Home Rental Program in accordance with El Dorado County Ordinance, Title 5, Chapter 5.56. Under the Program, the Department issues Vacation Home Rental (VHR) Permits and manages the Code Enforcement actions. Currently, there are approximately 872 active VHRs within the unincorporated areas El Dorado County.

Over the past several years, the short-term rental industry has experienced a significant increase in internet-based rental companies advertising, with reservation links, overnight lodging accommodations, ranging from single rooms to entire homes. Online companies include Airbnb, VRBO, TripAdvisor, Priceline, Expedia and over 125 other internet-based agencies. It is estimated by

Host Compliance that approximately 1,748 unique properties within the unincorporated areas of El Dorado County are listed as short-term rental properties on vacation rental websites.

The initial Host Compliance contract went into effect in July 2020. (Legistar File #20-0711, June 9, 2020, Item #16.) Host Compliance has provided data on STRs, as per the terms of their contract. This Department compares the data with records in our database of licensed STRs. Unpermitted STRs are contacted and notified of the County Ordinances. To date, the contract has resulted in approximately $315,000 of back TOT taxes collected. The contract cost for Host Compliance services during this term was $125,855.

The contract amendment presented for approval is offered at a renewal discount of $27,000 for an annual contract price of $98,855. The pricing is calculated on 1,748 unique properties and based on market data research of internet rental companies.

ALTERNATIVES
The Department could revert back to manually searching for short-term rental properties that are not permitted by the County. However, this practice was used in the past and was not as successful as Host Compliance.

PRIOR BOARD ACTION
Legistar #20-0711, 6/9/2020, Item #16.

OTHER DEPARTMENT / AGENCY INVOLVEMENT
Planning and Building Department

CAO RECOMMENDATION / COMMENTS
Approve as recommended.

FINANCIAL IMPACT
During the first year of the contract, approximately $315,000 in back TOT taxes were collected as a result of the contract. The contract amount was $125,855. The net increase in TOT as a result of the contract was $189,145. The Department is optimistic that these results will continue.

CLERK OF THE BOARD FOLLOW UP ACTIONS
Obtain the Board Chair's signature on two (2) original contracts.
Return one (1) signed original contract to the Treasurer-Tax Collector's Department.

STRATEGIC PLAN COMPONENT
Good Governance

CONTACT
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