



Legislation Text

File #: 20-0711, **Version:** 1

Treasurer-Tax Collector Department recommending the Board approve and authorize the Chair to sign Agreement for Services 4951 with Granicus, Inc., for Host Compliance Services, in the amount of \$125,855, to provide short-term rental address identification, rental activity monitoring, tax audit support, compliance monitoring and a 24/7 rental hotline support for the term of July 1, 2020 to June 30, 2021.

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 Business Licenses/TOT Certificates to property owners and manages the activities related to the filing and collection of quarterly TOT taxes. There are currently 1,100 active Business Licenses/TOT certificates indicating 4,400 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 943 active short-term rental properties within the unincorporated areas El Dorado County.

Over the past 10 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 Granicus 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 monitoring of vacation rental websites to ensure compliance with El Dorado County's Vacation Home Rental Ordinance and Transient Occupancy Tax Ordinance is currently being performed manually (if at all) and has proven to be extremely time-consuming and only marginally effective. Listings are being continuously added, updated or removed. Property addresses are hidden on listings and internet-based rental companies refuse to provide information to government agencies. Except for Airbnb, the collection and remittance of TOT is not being performed or enforced by internet-based companies. Failure to permit properties and collect TOT provides an unfair cost advantage over registered properties who comply with County Ordinances.

With short-term rental e-commerce on the rise, this Department has identified the need, and other County departments agree, that it is time to utilize software technology services and tools to automate the process of identifying and monitoring short-term rental properties located within the unincorporated areas of El Dorado County.

Granicus, Inc., has offered to provide (see Attachment B) monthly reports on short-term rental activity with complete address information, screen shots of identifiable properties, ongoing monitoring for zoning and permit compliance, systematic outreach to non-compliant operators, monitoring of El Dorado County property listings on vacation rental websites and 24/7 staffed telephone hotline and online portal for neighbors to report non-emergency issues related to short-term rentals.

Contact pricing is based on 2,855 properties for the Address Identification portion of the contract. This number is determined based on data regarding the number of internet-based rental companies on which a single property typically appears. For Compliance Monitoring, Rental Activity Monitoring and the Dedicated Hotline, the contract charge is based on 1,748 unique properties, an estimate based on market data and analysis, and believed to be an accurate inventory of our County. Future contract renewals will be modified, if necessary.

ALTERNATIVES

Continue to manually identify short-term rental properties that are not permitted by the County and are not remitting Transient Occupancy Tax.

PRIOR BOARD ACTION

N/A

OTHER DEPARTMENT / AGENCY INVOLVEMENT

Chief Administrative Office, Planning and Building Department, County Counsel, Information Technologies Department

CAO RECOMMENDATION / COMMENTS

It is recommended that the Board approve this item.

FINANCIAL IMPACT

Fiscal year 2020-21 costs will be \$125,855. This amount has been included in the Treasurer-Tax Collector's portion of the FY 2020-21 Recommended Budget. The full financial impact is unknown at this time because there is no data to determine the increases in license and fee revenue or Transient Occupancy Tax remittance as a result of identifying unpermitted VHRs. However, the use of this software in other Counties has resulted in a significant increase in TOT revenue. Costs and any increases in revenue for future fiscal years will be included in future department's budget requests.

CLERK OF THE BOARD FOLLOW UP ACTIONS

1. Obtain the Board Chair's signature on two (2) original contracts
2. One (1) signed original contracts to be delivered to the Treasurer-Tax Collector's Department.

STRATEGIC PLAN COMPONENT

Infrastructure, Good Governance

CONTACT

Karen Coleman, Treasurer-Tax Collector, 530-621-5800