



## Legislation Text

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**File #:** 23-0874, **Version:** 1

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Treasurer-Tax Collector recommending the Board approve and authorize the Chair to sign Amendment III to Agreement for Services 4951 with Host Compliance LLC, a subsidiary of Granicus LLC, for a contract price of \$98,855 and extending the term one year to June 30, 2024, 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 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 1,043 active Business Licenses/TOT certificates indicating 4,172 quarterly tax filings per year.

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 900 active permitted 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 1,344 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.) Amendment I to the contract went into effect in July 2021. (Legistar File #21-0885, June 8, 2021, Item #20.) Amendment II to the contract went into effect in July 2022. (Legistar File #22-0812, May 24, 2022, Item #10.) 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 \$650,688 of back TOT taxes collected. The contract cost for Host Compliance services during the initial term was \$203,340. The contract Amendment I was offered at \$125,855. The contract Amendment II was offered at \$98,855. The pricing for contract Amendment III remains the same at \$98,855. The pricing is calculated on 1,344 unique properties and is 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 or licensed 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; Legistar File #21-0885, June 8, 2021, Item #20, Legistar File #22-0812, May 24, 2022, Item #10.

**OTHER DEPARTMENT / AGENCY INVOLVEMENT**

The Planning and Building Department also uses the services provided under this contract. However, to date this contract has been funded by the Treasurer-Tax Collector Department.

**CAO RECOMMENDATION / COMMENTS**

Approve as recommended.

**FINANCIAL IMPACT**

During the contract to date, approximately \$650,688 in back TOT taxes has been collected as a result of the contract. The contract amount for the three-year period is \$428,050. After the cost of the contract, the net increase in TOT collected is \$222,638. The Treasurer-Tax Collector Department receives reimbursement for actual costs devoted towards the program, including staff hours and software costs.

**CLERK OF THE BOARD FOLLOW UP ACTIONS**

Clerk of the Board to obtain Board Chair's signature and return agreement to the Department for distribution.

**STRATEGIC PLAN COMPONENT**

Good Governance

**CONTACT**

K. E. Coleman, MBA, Treasurer-Tax Collector