

**WSCCOG Board Meeting –May 21 2015**  
**Additional Agenda Attachments and Handouts**

**6. ACTION ITEMS**

6E. Discussion and Proposed Action on Senate Bill 593—EMERGENCY ITEM ADDED

- A. [SB 593 \(McGuire\) Fact Sheet – Thriving Communities and Sharing Economy Act](#)

# Thriving Communities and Sharing Economy Act

SB 593

Senator McGuire

## SUMMARY

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The premise of SB 593 is simple: reinforce local laws already on the books. Where vacation rentals are legal, the bill will assist local jurisdictions in their regulation and collection of Transient Occupancy Taxes, (TOT) as more than 430 cities and 55 counties impose a TOT. Where vacation rentals are illegal by local ordinance, the bill will prohibit online vacation rental businesses from making a rental.

The Thriving Communities and Sharing Economies Act will empower local control, provide desperately needed funding for parks, local roads, fire and police services, and promote safe neighborhoods. SB 593 will require online vacation rental businesses to disclose information to cities and counties and/or collect and disperse Transient Occupancy Tax dollars – projected to be in the hundreds of millions of dollars statewide.

## Background

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Renting rooms is commonplace; however the impact of online vacation rental businesses (OVRBs) has forever changed the dynamic of the hospitality community.

OVRBs force neighborhoods, cities and counties to bear the costs and burden of their operation. Increased and undisclosed tourist traffic alters neighborhood character. This creates additional demands on public safety while at the same time, cities and counties lose out on revenue that could be invested in local services such as parks, roads and public safety. Moreover, the availability of affordable housing stock is being diminished for working families and seniors.

## Problem

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Presently, many cities and counties prohibit the renting of residences for less than 30 days. However, these prohibitions are frequently ignored by OVRBs, causing unwanted burden to city services, roads and neighborhood character while reducing TOT collection from sanctioned hotels. Rentals facilitated by OVRB's in these cities and counties go against the expressed wishes of the residents.

For the cities and counties that do allow short-term residential rentals, most require hosts to register and that transient occupancy taxes be paid. However, registration

and payment of TOT in these cities and counties are based on the owners of the short terms residential units voluntarily reporting their rental activity. However, there has been a severe under-registration of hosts and underpayment of TOT. Only 10% of hosts in San Francisco have followed the city ordinance to register. Sonoma County has had to spend in excess of \$200,000 in an attempt to track down those rentals that are not paying the required TOT under the ordinance. And Los Angeles is currently experiencing a rental housing shortage due in part to the recent popularity of OVRBs.

Clearly, cities and counties are unable to obtain this information due to the fact that OVRB's pass their responsibility to individual home-owners. This lack of oversight and enforcement presents a huge gap in accountability, and as a result, local laws and regulations are not being followed.

## Solution

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SB 593 will respect existing ordinances by empowering the local jurisdictions. It will provide critical tools to help cities and counties uphold their ordinances. The proposal has two components:

- **Assist local policies regarding OVRBs.** This bill will reinforce local ordinances by requiring OVRB's to disclose information (address of host rental, amount of nights stayed, and amount paid by the visitor) to the cities and counties-similar to the way hotels currently report their TOT. This information will allow cities and counties to ensure their laws are being followed. Local jurisdictions may also choose to have OVRBs collect the taxes and remit them.
- **Enforce local bans against short term residential rentals.** SB 593 will prohibit OVRBs from facilitating a residential rental if the transaction would violate a local ordinance. This will reinforce local control.

Additionally, cities and counties will have the ability to opt out of their information disclosure process at their discretion. They may opt back in to receive the reports by providing OVRB's with 90 days' notice.

## Contact

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## Support

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AIDS Housing Alliance  
Anti-Eviction Mapping Project  
Association for Los Angeles Deputy Sheriffs  
California Apartment Association  
California Association of Boutique and Breakfast Inns  
California Association of Code Enforcement Officers  
California Association of County Treasurers and Tax  
Collectors  
California College and University Police Chiefs  
Association  
California Hotel & Lodging Association  
California Labor Federation  
California Narcotic Officers Association  
California Police Chiefs Association  
California Professional Firefighters  
California State Association of Counties  
California Teamsters Public Affairs Council  
Coalition for Better Housing  
Council of Community Housing Organizations  
County of Mono  
County of Sonoma  
Housing Rights Committee  
Los Angeles Police Protective League  
Neighbors for Overnight Oversight  
Riverside Sheriffs Association  
Rural County Representatives of California  
San Franciscans for Reasonable Growth  
San Francisco Apartment Association  
San Francisco Information Clearinghouse  
San Francisco Tenants Union  
Santa Cruz County Conference & Visitors Council  
Senior & Disabled Action  
ShareBetter San Francisco  
UNITE-HERE  
UNITE-HERE, Local 2  
West of Twin Peaks Council