

County of Butler Board of Commissioners

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Good morning, Chairman Millard, Chairman Longietti, and members of the House Tourism and Recreational Development Committee. My name is Kevin Boozel and I currently serve as one of Butler County's commissioners. In my role with CCAP, I currently serve on the Community and Economic Development Committee which has often discussed issues related to the hotel tax and tourism promotion efforts.

Throughout Pennsylvania, most counties levy a tax on all room rentals in a hotel, with the revenues being used for tourism promotion efforts. For traditional hotels, it has been fairly straightforward to enforce because we are able to know where the rooms are and who is responsible for paying the tax. But in recent years we have seen the introduction of online platforms such as Airbnb that allow individuals to rent out their homes – or even space within their homes – that has made this more challenging because these online rental companies are reluctant to share the names of the hosts who use their platform. As these room rentals increase in popularity, conventional hotels and bed and breakfasts will remain at a competitive disadvantage unless action is taken.

In Butler County, it is a real problem trying to find out who is renting rooms on these platforms; it is time consuming, the site does not allow you to search by county, and it is also expensive if you hire an outside contractor. And once the collection process is completed, all you have is a snapshot that is constantly changing; some of the individuals that use these platforms year-round base their market off of seasonal and specific events. For example, in Butler County, an individual might use an online hosting platform for graduation weekend at Slippery Rock University, for events held at Cooper Lake, and even major happenings such as the U.S. Open being held at Oakmont.

In July 2016, Butler County entered into a voluntary agreement with Airbnb, whereby guests who book a listing in our county will pay our five percent hotel tax as part of their reservation. While this means that our county has allowed the county to receive approximately \$10,000 in six months, the downside is that we have to take Airbnb's word on what is being sent to the county as the correct amount of hotel tax compensation. Luzerne County, which has a similar agreement in place, has faced similar issues, as their agreement does not require Airbnb to produce "any personally identifiable information relating to any Host of Guest or relating to any Booking Transaction without binding legal process served only after completion of an audit by the Taxing Jurisdiction of Airbnb with respect to such users."

Luzerne County has also indicated that they plan to audit hotel taxes from Airbnb, which should start to provide more information. However, the county will be waiting until at least July, in part to allow for a full year of tax collection and in part because their agreement does not allow the county to audit or issue an assessment against Airbnb more than once in any consecutive 48 month period, and it may only review a consecutive 12 month period within those 48 months.

Northampton County is also pursuing an agreement with Airbnb, based on one that Lehigh County already has. Northampton estimated that an agreement could result in \$1,500 to \$2,000 per month, based on an estimated 530 to 575 spaces to rent on the platform within the county on any given day. However, this illustrates another concern with these voluntary agreements, as it is only a piecemeal solution that leaves each county to pursue collection on its own instead of providing a uniform solution.

Some counties have sought other ways of collecting information about Airbnb rentals other than agreements. For example, the Chester County Conference & Visitor Bureau, has had to resort to purchasing a subscription to AirDNA, a company that specializes in preparing reports on the amount of Airbnb properties in individual counties to ensure that they are being paid correctly. From AirDNA's report, the loss of room tax dollars from October 2014 to date is estimated to be \$182,324, but the report only shows numbers of booked listings, not where each listing is taking place.

Another issue emerging is that you never know what the next online hosting platform is going to be; Airbnb is not the only player anymore – other platforms include HomeAway, Tripping.com, and FlipKey. At this time, it is not a level playing field with the traditional hotels who are paying the tax on their room rentals as required, and we are incentivizing constituents to switch to other platforms that offer rooms for rent that also avoid the tax. It is also impossible for each of our 67 counties to be able to have an agreement with every online hosting platform as they continue to emerge.

For that reason, the only solution is legislation that identifies all of the players in the market so that hotel taxes can be collected in a fair and uniform manner. House Bill 1810 presents a viable solution to this issue, as it would require online hosting platforms to register with the state for the collection, reporting and payment of the state hotel tax, and prohibit a hosting platform from allowing room rentals in Pennsylvania if it has not registered. In addition, the Department of Revenue would be required to share the list of each registered hosting platform's list of rooms with the county treasurers.

I strongly believe that a statewide legislative solution such as HB 1810 is needed to ensure that accurate information is provided to counties about available room rentals allowing the state and counties to make hosts aware of their obligation in collecting the proper taxes from their patrons. This will help to create a more level playing field for remittance of county hotel taxes for all room rentals throughout the commonwealth, regardless of how the rentals are executed. At the same time, we would encourage amendments to also allow for collection, reporting and payment of county hotel taxes by the hosting platforms, similar to the state hotel tax.

It is clear that these new platforms, and the lack of checks and balances that online hosting companies have in their individual county agreements, for those that have them at all, have left many feeling unsure if they are being provided the proper compensation for these room rentals. Without a uniform legislative solution, Pennsylvania's counties will be left to continue a

burdensome, piecemeal and often costly effort to assure that all hotel taxes are being fairly collected.

Butler County Commissioner

A handwritten signature in blue ink, appearing to read "Kevin E. Boozel".

Kevin E. Boozel, M.S.
Secretary

Handwritten signature

Printed name and title