



COUNTY OF HUMBOLDT

For the meeting of: 10/20/2020

File #: 20-1300

To: Board of Supervisors
From: Treasurer/Tax Collector
Agenda Section: Consent

SUBJECT:
HomeAway.Com, Inc Voluntary Collection Agreement

RECOMMENDATION(S):
That the Board of Supervisors:

1. Approve and execute a Voluntary Collection Agreement (VCA) (Attachment 1) with HomeAway, Inc. (HomeAway) to collect and remit Transient Occupancy Taxes (TOT) on behalf of third-party individuals or entities that utilize HomeAway's online booking platform for short-term lodging in the county.

SOURCE OF FUNDING:
N/A. The VCA will be revenue positive.

DISCUSSION:
HomeAway facilitates short term lodging in Humboldt County whereby HomeAway Hosts (*i.e.*, short-term lodging owners / operators) rent out a room or rooms, a living space, or an entire house for less than thirty days through the internet-based platform that HomeAway maintains. That HomeAway platform, however, makes it nearly impossible for the county to determine the locations of the rentals HomeAway facilitates, short of renting them and then being told of the location. Not knowing the location of these rentals facilitated by HomeAway makes collection efforts of the 10% TOT directly from the owners / operators, as required by Humboldt County Code section 712-3, unreasonably difficult and too costly to collect if that short-term lodging is only facilitated through HomeAway.

Once executed, the VCA will create a collection arrangement whereby HomeAway will deduct 10% from the gross rent amount of all short term lodging HomeAway facilitates in the unincorporated areas of the county on behalf of the owners / operators that utilize the HomeAway platform, and thereby bring those owners / operators into compliance with the 10% TOT county code requirement. The VCA also stipulates that those TOT amounts collected be remitted to the T-TC on a quarterly basis. Once in force, the VCA will capture TOT from rents facilitated through the HomeAway platform which are not currently being remitted to the county from those owners / operators; and thereby bring in additional revenue to the county.

The VCA does not address the mandated 2% Humboldt County Tourism Business District Assessments (HCTBID) under Humboldt County Resolution No. 12-38 due to the change to the HCTBID Management District Plan (MDP) amendment effective January 1, 2020. That change to the MDP specified that the HCTBID assessment only applies to operators with five units or more at a single location; and HomeAway, just like Airbnb (File: 16-3601) before them, cannot ensure accuracy that only those mandated (5 units or more at a single location) to pay the assessment would be charged; hence it not being included in the VCA with HomeAway.

HomeAway Hosts must be notified of contract amendments between themselves and HomeAway prior to any contract changes going into effect; and that notification process takes approximately 30 days to complete. The VCA signed by HomeAway (Attachment 2) shows that the company has committed to the agreement and prepared to take action with HomeAway Hosts. Should Your Board approve and execute this VCA it will have an effective date of December 1, 2020 at which time HomeAway will begin collecting TOT on behalf of the county.

FINANCIAL IMPACT:

Positive. Your Board's approval and execution of the VCA on this date will require TOT to be collected by HomeAway on behalf of its hosts to begin as of December 1, 2020 and become payable to the county on December 31, 2020, which is the end of the 2nd quarter for the fiscal year. Quarterly payments will then be required to be paid by HomeAway to the county until the VCA is terminated.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by facilitating public/private partnerships to solve problems .

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve or execute the VCA with Airbnb. This alternative is not recommended because TOT that would have been collected by Airbnb, per the VCA, would then not be collected, nor remitted, to the county.

ATTACHMENTS:

1. Voluntary Collection Agreement (VCA) with HomeAway
2. VCA Signed by HomeAway

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A
Meeting of: May 31, 2016
File No.: 16-3601