

Memorandum



CITY OF DALLAS

DATE May 10, 2017

TO Housing Committee Members: Scott Griggs, Chair, Carolyn King Arnold, Vice-Chair, Mayor Pro-Tem Monica R. Alonzo, Tiffinni A. Young, Mark Clayton, and Casey Thomas, II

SUBJECT Update on Short Term Rentals

The regular session of the 85th State Legislative Session began on January 10, 2017, and ends on May 29, 2017. Two bills related to short terms rentals were filed – SB 451 by Senator Kelly Hancock and its companion, HB 2551 by Representative Tan Parker.

SB451 was heard in Business and Commerce on March 14, 2017. Testimony was lengthy on both sides. Opposition included the hotel associations and municipalities. Neighborhood residents testified on both sides of the issue. The bill was passed out of Committee on March 30th and voted out of the Senate on April 18, 2017.

The House Companion Bill, HB 2551 was heard in House Urban Affairs and left pending in Committee.

The Senate engrossed version has been received by the House (*this is the version that is moving*) and contains the following provisions:

- A municipality may not adopt or enforce a local law that restricts the use of or otherwise regulates a short-term rental based on the property's classification, use, or homestead status.
- Allows the municipalities to adopt or enforce a local law applicable to short term rentals addressing (a) fire and building codes; (b) health and sanitation; (c) traffic control; (d) solid or hazardous waste and pollution control; (e) subchapter B, chapter 232 (*related to county platting authority*); and (f) annual registration of short-term rentals, including the assessment of a reasonable and necessary administrative fee related to processing and administration of the registration, not to exceed \$100 annually.
- Requires municipalities to apply a local law regulating land use to a short term rental in the same manner as another similar property, including zoning, residential use, occupancy limitations, occupancy limitations, noise, property maintenance and nuisance.

- Prohibits municipalities from adopting or enforcing a local law that expressly or effectively prohibits the use of a private property as a short-term rental or regulates the operation of a short-term rental marketplace.

At the same time as these two industry-sponsored bills were working their way through the committee process, Airbnb announced it had signed a voluntary collection agreement with the State Comptroller, effective May 1, 2017. Through this agreement, Airbnb will collect and remit the state's 6% hotel tax from its hosts across the state. Municipal taxes are not included in the agreement. This collection agreement is only for taxes generated by nights booked on Airbnb and does not include nights booked on other platforms.

Key dates for moving legislation:

- May 8th (119th day). Last day for House Committee to report a House bill.
- May 9th (120th day). By 10:00 p.m. last House daily Calendar must be printed. (If a House Bill is not on the Calendar it is DEAD)
- May 20th (131st day). Last day for House Committee to report a Senate Bill.
- May 21st (132nd day). By 10:00 p.m. last House daily Calendar with SB's must be distributed (If a Senate Bill is not on the Calendar it is DEAD)
- May 29th (140th day). Sine Die.

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c: Honorable Mayor and Members of the City Council
 T.C. Broadnax, City Manager
 Larry Casto, City Attorney
 Craig D. Kinton, City Auditor
 Rosa A. Rios, City Secretary
 Daniel F. Solis, Administrative Judge
 Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
 Majed A. Al-Ghafry, Assistant City Manager
 Raquel Favela, Chief of Economic Development and Neighborhood Services

Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
 Eric D. Campbell, Assistant City Manager
 Jill A. Jordan, P.E., Assistant City Manager
 Joey Zapata, Assistant City Manager
 M. Elizabeth Reich, Chief Financial Officer
 Cheritta Johnson, Interim Chief of Community Services
 Theresa O'Donnell, Chief of Resilience
 Directors and Assistant Directors