

## **Closing the 'loophole' on Room Occupancy Taxes**

Over the past 14 years Ed Lewis, Brewster's representative on the Barnstable County Assembly of Delegates and a member of the Nauset Regional School Committee have advocated for an extension of the current Rooms Tax law to include short term rentals, 90 days or less, for private homes, condominiums and time shares. The basic reasoning is as follows:

Towns need the ability to have an added revenue stream that not designed to come from the permanent residents of the individual towns. This revenue would not place any burden on full time taxpayers.

At present, the state collects a room occupancy tax of 5.7 percent for stays in hotels, motels, inns and beds and breakfasts. Towns have the option of adding a further assessment. The local-option tax was 4 percent until 2009, when the state began allowing towns to raise it to 6 percent. The local-option tax goes straight to the local community.

With the exception of Massachusetts and Rhode Island virtually all other states that depend on some type of Tourism charge such a tax. That includes skiing areas such as Vermont, New Hampshire, Maine, Colorado and Utah as well as golf resort states such as North and South Carolina as well as the major vacation states of Florida, Arizona, California and Hawaii as well as New York.

But the occupancy tax including the state and local portion does not apply to vacation rental properties such as private homes, condos and cottages. And now with more web-based sites, such as AirBnB and VacationRentals.com, Cape Cod towns are missing out on tens of thousands of dollars of potential revenue. According to State Rep. Sarah Peake, D-Provincetown, a rough estimate calculated by the Cape Cod Chamber of Commerce determined that the 15 Cape towns are failing to capture about \$50 million in tax revenue.

Estimates for towns such as Truro could double the \$240,000 it currently receives from room tax revenue; estimates are \$1 Million Brewster, \$500,000 for Eastham, \$400,000 for Dennis, \$1 million for Chatham.

Rep. Peake noted some progress in the Joint Committee on Revenue allowing towns to charge up to 11.7 percent room occupancy tax to people renting out second homes or condominiums by the day, week, or summer season. The same tax has been applied to hotels, motels and guest houses for years.

Local bills have been filed by Sarah Peake, Cleon Turner and Dan Wolf over the past ten to twelve years. Many towns have filed home rule petitions for this type of local option tax. Lewis did a data search for Brewster and forecasted that that town, if

the bill passed, would see added revenue of close to one-half million dollars. Think what this would mean to help stabilize tax rates and help pay principal and interest payments on many capital projects in town.

But the bills go nowhere at the state level as the chief policy makers, such as the Senate president, the speaker of the House, and the governor, have not recognized the enormity of the market, she said.

Over the years, the bills go nowhere in that the Speaker looks at it as a new tax and fails to support the bills to come out of committee. But Cape and Islands representatives and senators can't get this law passed themselves. They need support from the Berkshires, from any town with untaxed summer rentals. Local officials from all parts of the state should be pounding on legislators' doors to get this useful revenue measure approved.

Edward Lewis  
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