SHORT-TERM RENTALS

Ordinance revision



- Consider approval of an Ordinance amending Chapter 14, “Businesses”, of the Code of Ordinances by amending various sections of Article XII “Short -Term Rental Registration” to provide for a new definitions and requirements to satisfy the City’s hotel occupancy tax.

BTX MADE

Proposed Ordinance Amendments

- The City defines short-term rental as a residential premises, or portion thereof, used for lodging accommodations to occupants for a period of not **less than one or more than thirty (30) consecutive days,** other than an ongoing month-to-month tenancy granted to the same renter for the same premises. The definition of short-term rental does not include a hotel, motel, bed and breakfast, executive suite, or other nonresidential use.
- Currently the City does not actively pursue the collection of local hotel occupancy tax (HOT) from short-term rentals (STRs).
- During the August 3rd City Council meeting, staff was directed to amend the ordinance regulating short-term rentals to add in the requirement for the payment of local hotel occupancy tax (HOT).

BTX MADE

Proposed Ordinance Amendments

- Staff is recommending amendments to the following sections of Chapter 14, “Businesses”, Article XII, “Short-Term Rental Registration”:
  - § 14-572. Definitions.
  - § 14-574. Short-Term Rental Permit Required.
  - § 14-577. Expiration of Permit; Renewals.
  - § 14-582. Revocation of Permit.
  - § 14-583. Hotel Occupancy Taxes.

BTX MADE

Proposed Ordinance Amendments

- Section 14-572, “Definitions”:

“*Hotel Occupancy Tax Ordinance* means the hotel occupancy tax ordinance(s) as codified in Article II “Hotel Occupancy Tax” of Chapter 74 “Taxation” of the City of Burleson Code of Ordinances (2005), as amended.”

Proposed Ordinance Amendments

- Subsection (a) of Section 14-574, “Short-Term Rental Permit Required”:

“(a) An Owner or Operator who desires to use its Premises as a Short-Term Rental must have valid, active short-term rental permit from the City prior to using, allowing the use of, or advertising the use of said Premises as a Short-Term Rental. Each rentable unit must be permitted. Upon application to the City, a Short-Term Rental permit shall be approved by the Director if the application satisfies all the conditions of this Article, the Zoning Ordinance, and the Hotel Occupancy Tax Ordinance. The Director may place reasonable conditions on Short-Term Rental permits to ensure compliance with the provisions of this Article.”

BTX MADE

Proposed Ordinance Amendments

- Subsection (a) of Section 14-577, “Expiration of Permit; Renewals”:

“(a) A Short-Term Rental permit shall expire on the last day of the month one year after the date of issuance. No Short-Term Rental permit may be renewed without a completed renewal application submitted by the Owner or Operator and payment of the application fee. If the renewal application satisfies the conditions of this Article and all other provisions of the Code of Ordinances, the Zoning Ordinance , and the Hotel Occupancy Tax Ordinance, an application for renewal of a Short-Term Rental permit shall be approved by the Director or his designee.”

BTX MADE

Proposed Ordinance Amendments

§ 14-582. Revocation of Permit.

"(a) A permit may be denied or revoked by the Director for any of the following reasons:

1) Providing false or misleading information on a Short-Term Rental application form.
2) Information required to be provided as part of this Article has changed or is no longer accurate and the permit holder has failed to notify the City.
3) Found guilty in the Municipal Court of two or more violations of the City of Burleson Code of Ordinances, this Article, or any other City ordinance within the preceding twelve-month time period.
4) Failure to timely provide any information, or any corrected information, required under this Article.
5) <u>Failure to comply with the requirements of the Hotel Occupancy Tax Ordinance."</u>

BTX MADE

Proposed Ordinance Amendments

§ 14-583. Hotel Occupancy Taxes.

Every person owning, operating, managing or controlling short-term rental shall collect the tax imposed in the Hotel Occupancy Tax Ordinance for the city, and remit the same to the tax assessor-collector on or before the due date and at the same time file the report as required by the Hotel Occupancy Tax Ordinance."

BTX MADE

3rd Party Assistance

- During the August 3rd City Council meeting, Staff briefed Council on utilizing a 3rd party vendor as an option to enhance the ability to identify STRs and collect HOT.
- Although Council elected not to move forward with contracting the services of a 3rd party vendor, Staff followed through with researching the procurement method for 3rd party services for informational purposes.
- The procurement method would involve either a:

1) cooperative contract;

2)“piggyback” on an existing contract (e.g. Fort Worth);

3) direct source/obtain proposals; or

4) formal RFP process.

- In lieu of 3rd party services, Development Services and Finance will work collaboratively to enhance collection efforts.

BTX MADE

Electronic Tax Administration

- Staff also discussed an electronic tax administration system for HOT/MOT collections.
- If the City pursues this option, it must also allow the HOT/MOT collectors (hotels, STRs) to withhold from the tax payment one percent of the amount of the tax collected as reimbursement for the cost of collecting the tax.
- Finance Department currently receives local HOT/MOT without an electronic tax administration system.
- Staff is not recommending an electronic tax administration system at this time.

BTX MADE

Short-Term Rental Permit Application

- If Council approves the amendments to the City's Code, Staff will provide letters to all Operators that will inform them of the updates and provide greater clarity that STRs are required to pay HOT.
- Additionally, Staff will revise the existing permit application to specifically reference the hotel occupancy ordinance and payment provisions.

Staff Recommendation

- Staff recommends the City Council approve the proposed Ordinance amendments to Chapter 14, “Businesses”, Article XII “Short-Term Rental Registration”.
  - Proposed ordinance, if approved, will take effect on 1/1/27

Questions / Comments

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