



## Short Term Rentals – Business License Briefing

### Background

Deschutes County collects payment of Transient Room Taxes (TRTs) on Short Term Rentals (STRs) in unincorporated areas of the County. The TRTs are collected by the Finance Department which uses a program called GovOS. GovOS is a dynamic software program that identifies STRs in the County by crosschecking most online booking platform listings, notifying Finance of new active advertisements which allows staff to contact the property owner/manager to register for a Certificate of Authority in GovOS. The system also allows for the collection, payment, and reporting of TRTs.

Finance reviews the registration form submitted by the owner/manager including the Certificate of Authority (COA). The COA authorizes the owner/manager to collect transient room taxes within the unincorporated areas of Deschutes County but does not serve as an approval certifying that the dwelling/residence is lawfully established and can be used as a STR. Finance staff contacts CDD on properties that aren't clearly identified as the primary single-family dwelling within the allowed zoning districts. When a STR is not within allowed zoning districts or is in a non-permittable structure finance staff notifies the property owner/manager that the County cannot issue a COA. TRTs are collected on all registered STRs identified in the GovOS software program.

As of October 2023, the County has 3,244 active STRs accounts of which 2,434 are registered within master planned destination resorts. The number of STRs, from May 2022 to October 2023, increased by 246 or about 8%. The Finance Department is actively working on getting 791 accounts into compliance by completing their registration form for their Certificate of Authority.

### Business License

Requiring a Business License for a STR is generally an option to provide guidelines and compliance standards without requiring a permit and/or making a land use determination (per Legal Counsel guidance).

Components of a Business License to consider:

1. Wastewater Systems
  - a. STRs with a septic system would be required to submit a septic permit number to verify the STR is within code compliance. Additionally, a cap of STR occupants could ensure the septic system is not being overtaxed. A recommended occupancy cap would be two people per bedroom plus two additional occupants (ex. a four-bedroom house would have an occupancy cap of 10 people).
    - i. The County Onsite Wastewater Manager advises that most septic permits could be verified in the office and not require an onsite inspection.
    - ii. Systems approved to serve a single family residence would be in compliance.

- b. Destination resorts are on sewer and currently there is no concern of overtaxing the sewer systems.
2. Fire Life Safety Standards Checklist
    - a. Incorporate additional fire life safety measures such as:
      - i. Posted evacuation routes (both in the dwelling and for the property);
      - ii. Install an adequate number of suitable Fire Extinguishers and test them regularly; and
      - iii. Install an adequate number of suitable smoke alarms and carbon monoxide alarms and test them regularly.
  3. 24/7 Property Manager Availability
    - a. Requiring Property Manager contact information to be posted at STRs to allow neighbors and others to contact PM when issues arise during STRs stays;
    - b. Requiring Property Manager to address calls in a timely and adequate manner; and
    - c. Consider a standard to have license suspended or revoked when there are repeated violations or non-compliance.
  4. Short Term Rental is in compliance of permittable use and zoning district
    - a. STRs are allowed within zoning districts that allow single-family or multi-family residences as outright permitted uses.

### **Fee Structure of Business License**

If the Board would like to pursue implementation of a business license, the County can initiate a fee structure to recover the County's actual average costs of reviewing and issuing the initial license application and yearly license renewal application. The licensing fee would be used to support a FTE to oversee the STR business license component and compliance standards.

### **Board Options**

1. Move to approve County staff to develop a Business License Program for Short Term Rentals in all unincorporated areas of Deschutes County.
2. Move to approve County staff to develop a Business License Program for Short Term Rentals in unincorporated Deschutes County, excluding destination resorts.
3. Decline to move forward with developing a Business License Program for Short Term Rentals in unincorporated areas of Deschutes County.