Date: November 23, 2026

Honorable Mayor and Council Members:

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Title: **Introduction of Short-Term Rental Ordinance Amendments**

Jen Callaway, Town Manager

Recommended Action: That Council: (1) Introduce Ordinance 2026-12 amending Chapter 5.02 (Transient Rental of Residential Units) of the Truckee Municipal Code; and (2) Find the adoption of the ordinance exempt from CEQA pursuant to CEQA Guidelines sections 15060(c)(2)-(3), 15061(b)(3), and 15378.

Discussion:

Background:

On September 22, 2026, staff brought Short-Term Rental (STR) permit optimization options to Town Council for consideration. Council received a presentation on the STR permit optimization survey results, data analysis, other jurisdictional review, and both Town staff and Visit Truckee Tahoe's optimization proposals (see **Attachment 1**). Staff requested that Council: (1) review the STR permit optimization analysis and provide direction to staff regarding STR permit optimization options; and (2) review and confirm the goal of STR permit optimization. Staff's working understanding of the STR permit optimization goal at the time was to identify policy options to induce turnover of registration certificates that are currently reporting zero or very low annual rental activity.

As a result of the discussion, Town Council directed staff to amend Chapter 5.02 to require a minimum transient occupancy tax (TOT) remittance of $500 annually. In addition, Town Council directed staff to include an exemption for STR operators that might not meet the TOT remittance threshold. Furthermore, consideration of several STR program changes were moved to the bike rack for the 2025-2027 Council Strategic Priorities Workplan with the understanding that future policy changes require further discussion and the potential of community input. These items include:

- *Revisiting the goal of STR policy moving forward*. There was consensus from Council on addressing registration certificate holders currently reporting zero or very low rental activity but inducing turnover of registration certificates was not considered to be a part of the goal. The goal of STR policy needs to be further discussed and defined for future direction.
- *Fulltime residency:* Options to consider fulltime (primary) residency in STR permit categorization, for example, an exemption for the minimum activity threshold requirement. Town staff are currently looking into the legal feasibility of this option since making a distinction between primary and non-primary residents could be considered unlawfully favoring local residents over out-of-state and non-resident property owners.
- *Multi-Family Prohibition:* Revisit the restriction on multi-family properties being able to short-term rent.

- *Hotels:* Consideration of reducing the number of STR permits allowed as new hotel rooms become available. Additionally, staff will need to strategize on how to address the 14 Rock Hotel condo units and their entitlement including short-term renting, vis a vis the cap and waitlist.

A summary of the recommended STR ordinance amendments for a minimum TOT remittance of $500 are described below which are addressed within draft Ordinance 2026-12 (see **Attachment 2**), **Attachment 3** (municipal code chapter 5.02 - track changes), and **Attachment 4** (municipal code chapter 5.02 - clean copy).

Short-Term Rental Ordinance Amendments:

5.02.040: Operational Standards
Section A. Short-Term Rental Operational Standards
Subsection 14.

Explanation: In the September 22, 2026, Staff Report (see **Attachment 1**) Town staff looked at annual TOT filed to understand the impact that a minimum TOT remittance threshold would have. From 2023 through 2025, an average of approximately 18 percent of STR's had no STR activity and reported $0 TOT, and 6 percent of STR's remit $1 to $500 in TOT annually. Staff had recommended approaching minimum TOT remittance conservatively and where the majority of our active TOT payors would meet the required threshold. If the minimum TOT threshold of $500 was chosen (meaning an STR operator must remit at least $500 in TOT a year), 77 percent of the current STR inventory would meet the threshold with their current use.

- *$500 Minimum TOT Remittance Annually:*
    - 23 percent of current inventory does not meet the requirement.
    - $4,166 in taxable revenue (for example, $4,166 in taxable revenue is equivalent to 8 days rent at $500 a night with a $300 cleaning fee).

Pursuant to Council discussion on September 22, 2026, staff were directed to amend Chapter 5.02 to require a minimum TOT remittance of $500 annually and to include an exemption for STR operators that might not meet the TOT remittance threshold.

Recommendation: Staff recommend adding an additional subsection to STR operational standards that goes over the parameters of the minimum TOT requirement. The parameters are outlined below:

- *Effective January 6, 2027*, STR's must collect and remit a minimum of $500 of TOT each calendar year to maintain a valid registration certificate.
    - *Explanation:* If Council approves staff recommendations, Ordinance 2026-12 will return to Council for adoption on December 7, 2026. If adopted the proposed ordinance will be effective thirty days after adoption hence the January 6, 2027, effective date.

- *If a property owner or agent fails to collect and remit* a minimum of $500 of TOT in a calendar year the application for renewal shall be deemed denied and the transient occupancy registration certificate shall be revoked, the town shall provide notice of such revocation to the STR operator.
    - *Explanation:* The Town requires an annual registration process, and tax returns are submitted quarterly and are due one month after the close of each quarter. Thus, annual TOT data is not available until February 1st of the following year. STR operators will be notified multiple times prior to registration renewal if they have yet to meet the $500 minimum TOT remittance. However, the opportunity to renew will be provided since staff won't have complete annual TOT data until February. Including this regulation ensures that even though the STR operator is provided with the opportunity to renew, if they fail to meet the minimum TOT requirement the registration renewal

will be denied because of the STR operator's actions and the registration certificate shall be revoked. Notice will be provided to the owner upon revocation. Furthermore, if the STR operator fails to meet the operational standards and the registration certificate is revoked, it is not appealable. This is because the revocation is based on the operator's inability to meet the operational standard and not on a decision made by the Town.

- *Certificates issued after March 1st:* STR operators shall not be required to comply with the minimum TOT remittance requirement until the start of the following calendar year with respect to certificates issued after March 1st of a calendar year.
    - *Explanation:* If a property registers as an STR mid-year, then the STR has less than a full year to meet the threshold requirement before renewal. In the September 22, 2026, Staff Report (see **Attachment 1**), staff relayed on average, it takes a new STR registrant over two quarters to start actively renting. For certificates issued after March 1st, staff recommend that the STR operator is not required to comply with the minimum TOT remittance threshold until the following calendar year.

- *Exemption:* The exception to the minimum TOT criteria is a one-time temporary exemption, which requires submission of an exemption application. The Town shall have the authority to approve the requested exemption application for good cause. Good cause includes but is not limited to the following: natural disaster, death, or serious illness of the operator. An exemption shall last for the remainder of the calendar year in which the STR operator applied, and the exemption shall expire at the start of the next calendar year. An extension may be requested no more than two times on behalf of the same owner of a STR and shall not exceed one year per extension. An exemption form may only be submitted for a STR in good standing.
    - *Explanation*: Council directed staff to consider potential exemptions to achieve overarching compliance as there may be factors that affect STR operators' ability to reach a minimum TOT threshold. Scenarios previously discussed included: receiving the registration mid-year (as described above), an active long-term lease, hardships (property damage or illness), and an open building permit where the property is not habitable and the STR operator is unable to rent. In addition to potential exemptions, Council directed staff to consider limiting the number of times an exemption could be claimed.

      Staff recommend a one-time temporary exemption requiring submission of an exemption application. The Town shall have the authority to approve the requested exemption application for good cause. Currently in Truckee Municipal Code (TMC) Chapter 3.24 (Transient Occupancy Tax), good cause is defined as including but not limited to natural disaster, death, or serious illness of the operator. This language has been mirrored in proposed subsection 5.02.040(A)(14) to be consistent with TMC Chapter 3.24.

      The proposed good cause language provides a guideline for what will be considered for an exemption; however, it will not limit staff to use their discretion with exemption approval for other similar situations that are not explicitly stated in the ordinance. Thus far the exemption scenarios discussed have been anecdotal. Implementation of the ordinance will allow staff to better understand how Truckee STR operators will use the exemption and the parameters for "good cause" can be further refined in the future.

      The exemption shall last for the remainder of the calendar year that the STR operator applied and shall expire at the start of the next calendar year. As long as the STR operator requests the exemption prior to December 31st of that calendar year, Town staff will process the exemption request. This will encompass the scenario if the STR operator only rents in December, the reservation is cancelled last minute, and the STR operator will be unable to meet the minimum TOT threshold.

The *same owner* of the STR may request an extension for good cause no more than two times and the time limit shall not exceed one calendar year per extension. The exemption will not reside with the property but with the owner and should the owner sell the property, the new owner will have the opportunity to apply for their own exemption. The opportunity for two extensions not to exceed a year each would help encompass scenarios where the fullest extension time limit would be required e.g. if there was damage due to a fire, the owner can maintain their registration until a Certificate of Occupancy is received. Furthermore, the STR must be in good standing with all regulations and operational standards of the STR ordinance for the exemption to be considered.

The registration will remain included in the registration certificate cap and will be required to complete annual registration renewal. These permits are recommended to stay in the cap because there is the potential that an STR operator will still be actively renting but will claim the exemption since they will not meet the minimum TOT threshold.

5.02.060: Penalties; Certificate Denial, Suspension, and Revocation
Section B. Denial, suspension or revocation of a transient occupancy registration certificate
Subsection 12.

Recommendation: In the penalties; certificate denial, suspension and revocation section, staff recommend adding an additional subsection to read: *the STR fails to collect and remit at least $500 of TOT in a calendar year.* This will provide authority for a renewal to be deemed denied and a certificate to be revoked for not meeting the minimum TOT threshold requirement.

Environmental Clearance:

This ordinance does not qualify as a "project" subject to the California Environmental Quality Act ("CEQA") because the ordinance will not result in a direct or reasonably foreseeable indirect physical change in the environment. (State CEQA Guidelines, § 15060(c)(2)-(3), 15378). The ordinance will not result in any construction or any other physical change to the environment. Moreover, the ordinance does not change the land use designation or zoning for any site within the Town's boundaries. Thus, the ordinance will not result in direct or reasonably foreseeable indirect physical changes in the environment and is not a "project" within the meaning of CEQA.

The ordinance is also exempt from environmental review because the ordinance falls within the "common sense" exemption because "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." (State CEQA Guidelines, § 15061(b)(3).) Specifically, and as noted above, the ordinance will not result in any construction or any other physical change to the environment, and it will not change any land use designation or zoning for any site within the Town's boundaries. There is thus no possibility that the ordinance would have a significant effect on the environment.

Each of the foregoing justifications fully and independently exempts the whole of the action from environmental review under CEQA.

Next Steps:

If Council approves staff recommendations, Ordinance 2026-12 will return to Council for adoption on December 7, 2026. If adopted, the proposed ordinance will be effective thirty days after adoption. Staff anticipate the following next steps:

- *December 7, 2026:* Second reading and adoption of ordinance 2026-12; ordinance takes effect 30 days after adoption.

- *Winter 2026/2027:* Ordinance implementation, and direct communication to all STR operators regarding the ordinance and the requirement for a minimum TOT remittance of $500.

- *January 6, 2027:* Ordinance 2026-12 goes into effect. STR operators will be required to collect and remit $500 TOT starting in the 2027 calendar year and annually thereafter, excluding registration certificates issued after March 1st.

- *August 2027:* TOT for the 2nd quarter will have been received, staff will review STR properties that have remitted under the $500 TOT threshold and will send initial noticing regarding the need to meet the requirement.

- *October 2027:* Registration renewal reminder letter sent first class to owners who hold an active registration certificate. Staff will include verbiage in the letter referencing the need to meet the minimum TOT remittance threshold in order for their registration renewal to be considered valid for the 2028 calendar year.

- *November 1st to December 31, 2027:* Registration renewal open. STR Operators will sign an acknowledgment in the registration renewal that in the event that they did not collect and remit a minimum TOT remittance of $500 in the current calendar year and future calendar years that the application will be treated as incomplete and will no longer be valid.

- *November 2027:* TOT for the 3rd quarter will have been received, staff will review STR properties that still have not met the $500 minimum TOT threshold and will send a second notice regarding the need to meet the requirement.

- *January 1st to February 1, 2028:* STR Operators remit TOT for the 4th quarter in 2027.

- *February 2028:* STR Division staff complete reconciliation of TOT received for the 4th quarter, the final audit will be completed to see who did not remit a minimum of $500 in TOT in the 2027 calendar year and staff will proceed with further enforcement efforts e.g. 2028 registration denial, send formal notices.

- *February to April 2028:* Continued follow-up on 2028 registration renewal denials e.g. ensure they are not advertising without a registration certificate and remit any TOT owed should rents have been received in the 1st quarter of 2028 prior to registration denial.

Council Feedback Requested:

Staff recommend that Town Council introduce Ordinance 2026-12 to amend Truckee Municipal Code Chapter 5.02 and find the ordinance exempt from CEQA.

Priority:

[X]	Enhanced Communication	[ ]	Climate and Greenhouse Gas Reduction	[ ]	Housing
[ ]	Infrastructure Investment	[ ]	Emergency and Wildfire Preparedness	[X]	Core Service

Fiscal Impact: Staff time to develop the ordinance amendments as directed by Town Council. Ongoing impacts anticipated to include additional staff time for administration and auditing of the minimum TOT threshold. Staffing impacts will be monitored over the first year of implementation and staff may recommend staffing adjustments in future years. May result in a change in TOT revenue.

Public Communication: Notification was published as part of the regular Town Council agenda packet, and an email notification was sent to registered STR owners/operators, applicants on the STR waitlist, and Visit Truckee Tahoe.

Attachments:

1. September 22, 2026 – Staff Report: Consideration of Short-Term Rental Permit Optimization Options: https://mccmeetingspublic.blob.core.usgovcloudapi.net/truckeeca-meet-365001dc14804044b4edd416938af109/ITEM-Attachment-003-2192f83f7173496394fed7f721a55558.pdf
2. Ordinance 2026-12
3. Municipal Code Chapter 5.02 – Track Changes from Current STR Ordinance
4. Municipal Code Chapter 5.02 – Clean Copy