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Lodging Industry Calls for Transparency and Oversight in Airbnb Tax Compliance

HELENA, MT – Members of the Montana Lodging & Hospitality Association (MLHA) are calling on state and local leaders to help bring Airbnb in tax compliance with the same oversight as other lodging facilities in the state.

MLHA recently secured information from CBRE, a renowned hotel research firm, regarding Airbnb growth and industry performance in the state. Highlights of the analysis indicated the following for Montana:

- 2017 Airbnb industry generated revenue \$69,278,568
- 2017 room/unit supply 667,173
- 2017 room/units demand or use 332,766
- Average room night rental \$208.20
- Increase in the supply of inventory available in Montana from August 2016 to August 2017 approximately 83%

(Sources: CBRE Hotels' Americas Research, Airdna, STR, Q4 2017)- **Report attached**

“Airbnb’s growth in our state’s economy is commendable, and there is recognition amongst the traditional lodging industry that technology has created new commerce models. The concern is that they are not collecting taxes like other lodging properties that go to the state general fund and help promote tourism,” stated Steve Wahrlich, Chair of the MLHA Legislative Committee from Billings. He added, “Our properties don’t begrudge the shifting economy, but our concern is for fairness and an even playing field on taxes.” Wahrlich noted, “Airbnb boasted a 91% increase in Montana rentals in 2017 through a press report in January. This leaves millions in tax revenues that Montana is failing to collect.”

MLHA Chair Matt Sease of Whitefish noted, “In 2017 Montana hotels/motels, participating campgrounds and short-term rentals collected nearly \$31 million to support tourism promotion efforts to assist Montana State Parks, the Montana Historical Society and the Montana Heritage Commission. In the same year lodging taxes sent \$23 million to the state’s general fund, a 5% increase from the year before.”

Wahrlich said, “At a time of state budget cuts, lodging operators are asking state revenue officials to collect taxes from Airbnb in a transparent way, avoiding the backroom deals Airbnb has established with other states and municipalities.” He pointed to recent information from the American Hotel and Lodging Association that indicates Airbnb is negotiating special deals behind closed doors. Wahrlich added, “These agreements do not include public input or adequate oversight of auditing measures. In addition to state collections suffering with this model, communities that collect resort taxes, generally where Airbnb has seen its most rapid growth, are also being shorted critical collections to support their towns’ fire departments, law enforcement, infrastructure and other safety services.”

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For more on MLHA visit: www.mtlha.com

