

Wisconsin State Assembly  
Wisconsin State Capitol  
2 East Main St.  
Madison, WI 53703

Dear Speaker Vos, Speaker Pro Tempore August, Majority Leader Steineke, Minority Leader Barca and Members of the Wisconsin State Assembly,

The Travel Technology Association, or Travel Tech, as we are known, is the trade association for online travel companies and short-term rental platforms. Our members include well-known short-term rental companies such as Expedia's HomeAway and VRBO properties, TripAdvisor/FlipKey, Airbnb, and Booking.com.

On behalf of our members, the world's leading short-term rental providers, I write to you today in opposition to the short-term rental provisions presently contained in the proposed Executive Budget Bills, Senate Bill 30 and Assembly Bill 64. Short-term rental technology companies have helped to create a vibrant marketplace for travelers and property owners, expanding the travel landscape by making it easier for travelers to find and book short-term rental accommodations and providing economic benefits to communities around the world. Unfortunately, the language pertaining to short-term rental taxation and regulation in the Executive Budget Bills threatens the availability of short-term rentals throughout Wisconsin by undermining private property rights and placing an undue tax burden on the platforms that act as intermediaries in facilitating many rentals.

It is important for public policy to reflect the changing travel dynamics brought on by the popularity of short-term rentals, allowing both travelers and residents the ability to benefit from the options and flexibility that short-term rentals provide. As presently constructed, the provisions in the Executive Budget pertaining to short-term rentals do neither. At best the legislation provides an opportunity for every municipality in Wisconsin to ban or prohibit short-term rentals of less than seven nights in their community, and at worst, it proactively encourages municipalities to take such action. On behalf of Wisconsin owners, operators and hosts, the vast majority of which offer and rent their homes for durations of less than seven nights, we strongly urge reconsideration of this language.

The legislation also requires "lodging marketplaces," like our members, but also any platform entity "collecting consideration for the rental from the occupant" to register with the Department of Revenue and collect taxes imposed by the state and/or municipality and remit them to the Department of Revenue. While we believe that short-term rentals are a taxable activity and that the intent of the language is likely to ensure the proper taxes are being collected and remitted by short-term rental operators, it is important to note that the legislation creates a much broader and ambiguous policy. Additionally, each of our short-term rental members has a slightly different business model, and many would face significant challenges with respect to this language. Examples would include the lack of a sufficient real-time payment mechanism through which to collect the tax or even the knowledge of whether or not the booking of a rental between traveler and owner even occurred.

Finally, it is important to note that this new tax on short-term rental platforms would effectively be the first of its kind in Wisconsin. At present, the owners and hosts of short-term rentals in Wisconsin are responsible for collecting and remitting the proper taxes, not the platforms they utilize to help facilitate these rentals. After all, those offering their properties are the ones with a physical presence in the state, and as property owners, already enjoy a relationship with both the Department of Revenue and their local political jurisdiction. Should the legislature choose to enact this language, it would create the first instance of tax liability ascribed to a third party platform doing business in Wisconsin.

According to travel research company Phocuswright, just ten years ago less than one in ten leisure travelers opted for a short-term rental when traveling, but by 2016 that number had grown to nearly one in three. With this growth in popularity has come an increase in economic benefits to those owners and hosts who open their homes, as well as for the communities in which they are located.

We recognize the inherent challenges of constructing a fair and reasonable statewide short-term rental policy. But it is important to consider how truly complicated an issue this is and how detrimental the unintended consequences of this proposed language could be to Wisconsin property owners and hosts. With that in mind, we urge you to take up short-term rental regulation as a standalone bill in the general legislative session. Wisconsin residents deserve a full, fair, and transparent debate on what is clearly a public policy, and not a budget issue.

We are hopeful that the committee recognizes the negative impact that this language would have and respectfully request you oppose including it in the final Executive Budget legislation, ensuring that all short-term and vacation rentals remain available to travelers in Wisconsin. The Travel Technology Association is available to the legislature as a resource and we look forward to having the opportunity to work with you.

Sincerely,

Matt Kiessling  
Vice President, Short-term Rental Policy  
The Travel Technology Association