

S. Tahoe backpedals on some vacation rental policies

By Kathryn Reed

Google “South Lake Tahoe vacation rentals” and about 319,000 results show up. While there are nowhere near that many residences of any kind in the city limits, it proves this is big business.

And in some ways it has not been a tightly regulated market, with some people suggesting the city is losing six figures a year on uncollected transient occupancy tax from owners renting their property as lodging.



A meeting Wednesday morning geared toward property management companies was said to be the first time the city had asked them to a meeting other than when the contentious vacation home rental ordinance was written about seven years ago and any tweaking to it since then.

Earlier this year the council divided the responsibilities of vacation rentals between the police and finance departments. Prior to that the finance department had sole jurisdiction. Now the police oversee everything but TOT.

Community service officers Bob Albertazzi, Dannelle Spaeth and Janet Inglis led the 90-minute meeting Nov. 9.

“We want to see if there are things we can do to make it more efficient,” Albertazzi told the more than dozen people at the meeting.

Jim Morris with Lake Tahoe Accommodations is a regular at meetings concerning vacation rentals and often vocal.

Wednesday was no different, as he did the most talking by those in attendance.

"I think we are embarking on a whole new era," Morris said. "I think all of us want to see taxes collected. We need permit numbers posted on websites. I think maybe 10 percent are on there."

The point of the permit number on the website is then city staff can track TOT that comes in. Calendars on rental sites are an indicator of when a property was rented. However, it was said loud and clear that blocked dates could mean the house was occupied by the owners or their friends.

Spaeth said she recently checked on 10 vacation rentals by owners that someone believed were operating illegally. Eight had valid permits, and the other two have come into compliance.

"We have collected more than \$1,000 in fines from people who were not permitted or (had a closed account) and were still renting," Spaeth said. That's just in the few months the PD has taken things over.

Albertazzi said they are trying to figure out how to get back taxes from people who are found to be renting without paying TOT. He said one person just paid about four months worth of TOT.

But if a person is not reporting the income to the IRS, it would be hard to prove a paying customer had been there on which nights.

MaryAnne Brand, accounting manager with the city, said the law is the city could only collect three years worth of delinquent TOT. She said the city deals with between 600 and 700 vacation home rentals each quarter. (Vacation homes pay TOT quarterly, while hotels/motels pay monthly.)

While suggestions were made and emotions escalated at times, by the end of the workday, long after the meeting had ended, city staff met among themselves. Change, as a result of what was said at that meeting and letters sent to staff, is coming.

To counter the outrage expressed by vacation rental owners to report to the city all of the names and contact information of renters, the city is doing away with that requirement. That will be evident on the monthly forms that go out in December.

Also erased from the form is the line that says, "Under penalty of perjury I swear that all the information supplied in this form is true and accurate."

Morris bragged at the meeting about having a role in getting that language on the form. He was instrumental in the added paperwork being asked of vacation rental homeowners to fill out. But no individual renter was ever at the meetings orchestrated by the finance department that created the policy changes.

"We could have done a better job reaching out to the vacation home rental group," Nancy Kerry, spokeswoman for the city, told *Lake Tahoe News*. "We are getting input after the fact. Next time we will reach out ahead of time."

Kerry said the form has been modified to achieve the original goals – to allow the finance department to do quick audits.

Julie Lucksinger with Lake Valley Properties at the morning meeting said many of her clients believe the information being sought would be a violation of privacy. She was not alone in that sentiment.

Brand said hotels collect private information that can be reviewed at any time the city wants and she at the time saw this as no different. But the difference would have been having to turn guest information over each month to the city and to sign the disclaimer.

No one at the city could recall a time when a hotel's guest list was reviewed.

Kerry said going forward "confidential" can be written as who the occupant is. She added, what's important is the number of nights the property was rented, not who was in it. Changes do not negate the property owners from maintaining records outlined in the ordinance that city staff could review with 10 days notice.

An item that may bring the group back together is on the Nov. 15 City Council agenda. The five are slated to discuss raising the \$144 annual vacation rental permit by 40 percent. The meeting starts at 9am at Lake Tahoe Airport. This will not be an action item.

Delinquent permit payments were part of Wednesday's discussion. Spaeth, with the city, said since her department has taken over, those numbers have decreased and more people are complying.

To keep better track and avoid double or no payment, a property agent suggested putting on the form whether it's the owner or property manager responsible for paying the permit fee. Albertazzi said they'd look into that.