



AGENDA MEMORANDUM

Action Item for the City Council Meeting of October 15, 2019

DATE: September 25, 2019

TO: Peter Zaroni, City Manager

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Voluntary Collection Agreements

CAPTION:

Motion authorizing the execution of voluntary collection agreements with Airbnb, Inc., HomeAway.com, Inc., and other entities to provide for the reporting, collection, and remittance of hotel occupancy taxes to the City.

SUMMARY:

Airbnb, Inc. and HomeAway.com, Inc. are online marketplaces for arranging or offering lodging, primarily homestays, or tourism experiences. The companies do not own any of the real estate listings, nor do they host events; they act as brokers, receiving commissions from each booking. Airbnb, Inc., HomeAway.com, Inc., and other companies offering the same services have been doing business in Corpus Christi and have not been remitting hotel occupancy taxes to the City. This motion authorizes agreements that would require Airbnb, Inc., HomeAway.com, Inc., and any other companies offering the same services; to collect hotel occupancy taxes from their hosts and remit them to the City. Currently, we have no agreements in place with these Internet-based platform companies and are missing out on substantial revenues.

BACKGROUND AND FINDINGS:

On May 1, 2017, the State of Texas entered into an agreement with Airbnb, Inc., for the reporting, collection, and remittance of hotel occupancy taxes to the State. Since then, they have also entered into an agreement with HomeAway.com, as well. However, in this process, they did not require Airbnb, Inc., HomeAway.com, Inc., or any other similar entity to also collect the portion of taxes due to the cities where these Internet-based platform companies operate. Therefore, the City of Corpus Christi has not been collecting this hotel occupancy tax (HOT) revenue. The State's portion of the collections is 6% of the taxable revenue reported by these companies

monthly and the City's portion is 9%. Annually, we collect approximately \$15,000,000 in hotel occupancy tax revenue. Based on the reports from the Texas State Comptroller's Office from June 2017 through July 2019, we estimate that the City's 9% share of these taxable revenues comes to approximately \$1,592,226 for both Airbnb, Inc., and HomeAway.com, Inc, in total.

ALTERNATIVES:

Continue to accept the loss of approximately \$60,000 per month in hotel occupancy tax revenue.

FISCAL IMPACT:

The fiscal impact of these voluntary collection agreements would be an increase in our hotel occupancy tax revenues. The City could potentially receive an average of an additional \$720,000 annually by entering into these voluntary collection agreements. The companies will remit the funds directly to the City.

Funding Detail:

Fund:

Organization/Activity:

Mission Element:

Project # (CIP Only):

Account:

RECOMMENDATION:

Staff recommends authorizing these agreements.

LIST OF SUPPORTING DOCUMENTS:

Airbnb, Inc. Voluntary Collection Agreement

HomeAway.com, Inc. Voluntary Collection Agreement