



**NYS FY22 Budget Feedback  
Joint Legislative Hearing on Taxation  
February 23, 2021**

Tech:NYC is a nonprofit coalition of more than 800 technology companies in New York. We work with our members, governments, and community partners to foster a dynamic ecosystem so that New York remains the best place in the country to start and grow a business.

This year's budget will be the most consequential ever because of COVID-19's impact on New York State. In the proposed budget, there are many positive policy frameworks to improve the lives of everyday New Yorkers. Specifically, Tech:NYC supports the taxation of vacation rentals and home sharing activity as proposed in the FY22 NYS Executive Budget with amendments.

For the past several years, vacation and short term rentals have modernized and entered the digital age - and services like Airbnb and VRBO are now increasingly popular with both New Yorkers and visitors to our state. This has been true for some time, but especially now, as travelers during COVID-19 have also made it clear they want more travel options: including staying in homes with their own kitchens, and lodgings where you don't interact with other guests for health and safety reasons. These online services have also helped provide supplemental, flexible income to New Yorkers who agree to share their homes with guests through these digital platforms.

Unlike New Jersey, Connecticut, and Pennsylvania, states that tax these services, New York has lost at least \$100M per year in state and local sales taxes from vacation and short term rentals. For this reason, we strongly support a budget this year that fully legalizes the taxation of vacation and short term rentals.

Even more, if New York stands essentially alone among global cities in opposing home sharing, we run the risk of falling behind the innovation curve and alienating visitors to New York. We may also do immeasurable damage to our reputation among new technology companies as an attractive place to do business. Now more than ever we should be doing all we can to attract visitors, technology employers, and tax revenue to our state and cities, not discouraging.

The Governor's proposed Revenue Budget bill at Part I is an important first step that needs revisions to ensure that the state can comprehensively address this issue without forgoing any available tax revenue. Our two recommended changes are summarized below:

- **Capture All Vacation and Short Term Rental Platforms:** The budget proposal's definition of vacation rental marketplace provider currently only includes marketplaces that collect the rent being paid for the vacation rental or short term rental. This leaves out

a number of services that do not collect the rents, but do collect fees from these rental services. We recommend updating the definition of Vacation Rental Marketplace Provider to include all platforms that both facilitate short term and vacation rentals as well as collect fees for providing these rental services. This will ensure the state collects taxes from **all platforms** engaging in the vacation and short term rentals business and eliminate any loopholes.

- **Include changes to the Multiple Dwelling Law:** New York City residents want the option to share their homes as vacation and short term rentals, but by law are only allowed to do so in a very limited capacity. There is common ground that can be found to provide more clarity in the multiple dwelling law that allows residents to rent out only one home as a vacation or short term rental, and also provide strong regulations to protect New York City's vitally important affordable housing units through a registration system that also requires insurance coverage on all rentals. New York State and New York City will continue to miss out on tens of millions of dollars in tax revenue per year on existing and ongoing rental activity without multiple dwelling law clarification.

On this important issue of home sharing platform taxation we are committed to working with you, your staff, and all government partners. We would welcome the opportunity to discuss this budget proposal with you all soon, and please do not hesitate to contact Ryan Naples at [Ryan@technyc.org](mailto:Ryan@technyc.org).