

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: June 17, 2025

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso
Chief Legislative Analyst

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Council File No. 25-0002-S22
Assignment No. 25-04-0284

SUBJECT: Resolution to Support Senate Bill 346 – The Short-Term Rental Facilitator Act of 2025.

CLA RECOMMENDATION: Adopt the Resolution (Blumenfield, Raman - Yaroslavsky) to include in the City's 2025-26 State Legislative Program, *SUPPORT for Senate Bill 346 (Durazo), The Short-Term Rental Facilitator Act of 2025*, which would authorize the City to enact an ordinance that requires short-term rental facilitators to report assessor parcel number of each short-term rental and additional information necessary to identify the property, including but not limited to physical address, including nine-digit ZIP Code; imposes administrative fines or penalties for violations; and authorizes an audit or examination of the short-term rental facilitator's records documenting the receipt of the Transient Occupancy Tax due to the City.

SUMMARY

Resolution (Blumenfield, Raman - Yaroslavsky), introduced on March 28, 2025, indicates that while short-term rental facilitators generate substantial income from the rentals they advertise, some short-term rental facilitators fail to cooperate with the City to ensure that their advertised rentals comply with the regulations on short-term rentals, including requirements to register with the City and pay the Transient Occupancy Tax (TOT). The Resolution states that this lack of cooperation prevents the City from effectively auditing compliance with its short-term rental requirements.

Introduced on February 12, 2025, Senate Bill (SB) 346 (Durazo), as amended on May 8, 2025, would permit local agencies to enact ordinances to require short-term rental facilitators to provide, upon request, specified information necessary to identify their platform's rentals to the local agency, including but not limited to physical address, including nine-digit ZIP Code, assessor parcel number of the host property, and the Uniform Resource Locator (URL) associated with the specific host property internet listing; impose administrative fines or penalties for violations; and authorize audits or examinations of the facilitator's records documenting the receipt of TOT due and payable to the local agency, with costs to be paid for by the local agency.

BACKGROUND

The City regulates short-term rentals and their hosting platforms, or short-term rental facilitators, through the Home-Sharing Ordinance (HSO), Ordinance No. 185,931 (C.F. 14-1635-S2). When cities in the United States began regulating short-term rentals in 2015 and 2016, many cities prohibited hosting platforms from allowing listings for properties that were not registered with the respective city. Some large hosting platforms, including Airbnb and HomeAway, sued cities over

this requirement. The courts all concluded that cities' regulations requiring hosting platforms to remove listings for non-registered properties were illegal. As such, the City's HSO does not require hosting platforms to remove listings that do not contain a City-issued registration number.

In response, cities removed and replaced the aforementioned requirement with regulations prohibiting hosting platforms from earning revenue from illegal listings. The courts have upheld these provisions. The City's HSO contains the requirement that hosting platforms may not process booking transactions for illegal listings (see Municipal Code 12.22.A.32(f)(1)).

Nonetheless, according to the Department of City Planning, it has been difficult to enforce the HSO against non-compliant hosting platforms in the City. The Department of City Planning attests that SB 346 provides additional tools that could assist the Department in more effectively identifying properties that are the subject of noncompliant listings, thereby reducing the time and effort required to gather evidence for citations against illegal short-term rentals.

The Office of Finance is responsible for the administration and collection of the TOT, as well as the execution and oversight of any TOT collection agreements between the City and hosting platforms. According to the bill's author, local governments often enter into Voluntary Collection Agreements (VCAs) with short-term rental platforms that allow the platform to collect and remit the applicable TOT, but these agreements often limit the ability of local agencies to comprehensively audit transactions by limiting access to essential information, such as property addresses. Local governments are therefore limited in effectively auditing collections and enforcing the payment of TOT, and may unknowingly accept collections from properties that are operating illegal short-term rentals.

SB 346 is sponsored by the League of California Cities and California Association of County Treasurers and Tax Collectors, and supported by a number of local agencies, business associations, and labor groups.

DEPARTMENTS NOTIFIED

City Planning
City Attorney
Office of Finance

BILL STATUS

6/5/25	Referred to Committees on Local Government and Judiciary.
5/28/25	In Assembly. Read first time. Held at Desk.
5/27/25	Read third time. Passed. (Ayes 38. Noes 0.) Ordered to the Assembly.
2/12/25	Introduced. Read first time. To Committee on Rules for assignment. To print.

A handwritten signature in black ink, appearing to read 'Deborah Choi', written over a horizontal line.

Deborah Choi
Analyst

Attachments:

1. Resolution (Blumenfield, Raman-Yaroslavsky)
2. Text of SB 346 (Durazo)

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the City of Los Angeles has adopted regulations on short-term rentals, including requiring that properties be registered with the City and that Transient Occupancy Tax (TOT) be paid on short-term rentals; and

WHEREAS, some short-term rental facilitators have failed to cooperate with the City to ensure that the rentals they advertise—and from which they generate substantial income—comply with these basic requirements, or enable the City to effectively audit compliance with City requirements; and

WHEREAS, Senate Bill 346 (Durazo) would allow Los Angeles and other local jurisdictions to enact an ordinance that requires each short-term rental facilitator to report the assessor parcel number of each short-term rental and additional information necessary to identify the property; impose administrative fines or penalties for violations; and audit or examine the records of the short-term rental facilitator documenting the receipt of the TOT revenue due to the local jurisdiction; and

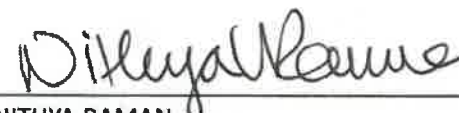
WHEREAS, SB 346 would make it easier for Los Angeles to enforce its short-term rental regulations and ensure payment of TOT, thereby making it easier for the City to police bad actors without imposing a significant burden on hosts and facilitators who abide by the law and follow the rules;

NOW, THEREFORE, BE IT RESOLVED, with concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2025-26 State Legislative Program SUPPORT for SB346 (Durazo) that would authorize the City of Los Angeles to enact an ordinance that requires each short-term rental facilitator to report the assessor parcel number of each short-term rental and additional information necessary to identify the property; impose administrative fines or penalties for violations; and audit or examine the records of the short-term rental facilitator documenting the receipt of the TOT revenue due to the City.

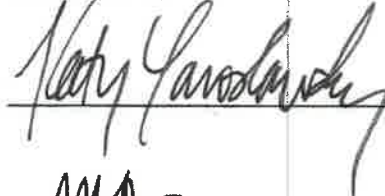
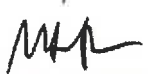
PRESENTED BY:

PRESENTED BY:


BOB BLUMENFIELD
Councilmember, 3rd District


NITHYA RAMAN
Councilmember, 4th District

SECONDED BY:

MAR 28 2025

ORIGINAL

AMENDED IN SENATE MAY 8, 2025

AMENDED IN SENATE MARCH 20, 2025

SENATE BILL

No. 346

**Introduced by Senator Durazo
(Coauthor: Senator Allen)**

February 12, 2025

An act to add Chapter 6.4 (commencing with Section 51043) to Part 1 of Division 1 of Title 5 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 346, as amended, Durazo. Local agencies: transient occupancy taxes: short-term rental facilitator.

Existing law authorizes a local authority, by ordinance or resolution, to regulate the occupancy of a room or rooms, or other living space, in a hotel, inn, tourist home or house, motel, or other lodging for a period of less than 30 days.

This bill would authorize a local agency, defined to mean a city, county, or city and county, to enact an ordinance to require a short-term rental facilitator, as defined, to report, in the form and manner prescribed by the local agency, the ~~assessor parcel number~~ *physical address, including 9-digit ZIP Code*, of each short-term rental, as defined, during the reporting period, as well as any additional information necessary to identify the property as may be required by the local agency. The bill would authorize the local agency to impose an administrative fine or penalty for failure to file the report, and would authorize the local agency to initiate an audit of a short-term rental facilitator, as described. The bill would require a short-term rental facilitator, in a jurisdiction that has adopted an ordinance, to include in the listing of a short-term

rental any applicable local license number associated with the short-term rental and any transient occupancy tax certification issued by a local agency. The bill would state these provisions do not preempt a local agency from adopting an ordinance that regulates short-term rentals, short-term rental facilitators, or the payment and collection of transient occupancy taxes in a manner that differs from those described in the bill.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) Short-term rental facilitators are essentially
2 online marketplaces that allow “guests” seeking accommodations
3 and “hosts” offering accommodations to connect and enter rental
4 agreements with one another.

5 (b) Many cities and counties impose a transient occupancy tax
6 on guests who occupy those accommodations. The transient
7 occupancy tax is payable with the host’s charge for the
8 accommodation.

9 (c) It is the intent of the Legislature to authorize cities and
10 counties to adopt an ordinance that requires a short-term rental
11 facilitator to transmit information that allows cities and counties
12 to effectively enforce the payment of transient occupancy taxes
13 by guests in these accommodations.

14 (d) As determined by the Ninth Circuit Court of Appeals in
15 *HomeAway.com, Inc. v. City of Santa Monica* (9th Cir. 2019) 918
16 F.3d 676, requiring the transmittal of this information violates
17 neither the federal Communications Decency Act nor the First
18 Amendment.

19 SEC. 2. Chapter 6.4 (commencing with Section 51043) is added
20 to Part 1 of Division 1 of Title 5 of the Government Code, to read:

21

22 CHAPTER 6.4. THE SHORT-TERM RENTAL FACILITATOR ACT

23

OF 2025

24

25 51043. (a) This chapter shall be known, and may be cited, as
26 the “Short-Term Rental Facilitator Act of 2025.”

1 (b) This chapter shall only apply to a local agency that adopts
2 an ordinance that makes the provisions of this chapter applicable
3 within its jurisdictional boundaries.

4 51044. All of the following definitions shall apply for purposes
5 of this chapter:

6 (a) "Hotel" means a commercially operated hotel, motel, bed
7 and breakfast inn, or similar transient lodging establishment, when
8 all or part of the transient occupancy is or would be subject to tax
9 under Section 7280 of the Revenue and Taxation Code. For
10 purposes of this chapter, a "hotel" shall not include a short-term
11 rental facilitator as defined in subdivision (g).

12 (b) "Local agency" means a city, county, or city and county.

13 (c) "Marketplace" means a physical or electronic place,
14 including, but not limited to, a store, booth, internet website,
15 catalog, television or radio broadcast, or a dedicated sales software
16 application, where a marketplace seller facilitates the occupancy
17 of a short-term rental for delivery in this state regardless of whether
18 the short-term rental, marketplace seller, or marketplace has a
19 physical presence in this state.

20 (d) "Ordinance" refers to an ordinance of a local agency
21 imposing a transient occupancy tax.

22 (e) "Purchaser" means a person who is required to pay the
23 transient occupancy tax and who uses a short-term rental facilitator
24 to facilitate the occupation of a short-term rental within the
25 jurisdiction of the local agency imposing the transient occupancy
26 tax.

27 (f) "Short-term rental" means the occupancy of a home, house,
28 a room in a home or house, or other lodging that is not a hotel in
29 this state for a period of 30 consecutive days or less and under any
30 other circumstances specified by the local agency in its ordinance
31 that is facilitated by a short-term rental facilitator.

32 (g) "Short-term rental facilitator" means a person or entity that
33 facilitates for consideration, regardless of whether it is deducted
34 as fees from the transaction, the occupancy of a short-term rental
35 that is not owned by the person facilitating the rental, through a
36 marketplace operated by the person or a related person or entity,
37 and that does both of the following:

38 (1) Directly or indirectly, through one or more related persons,
39 engages in any of the following:

1 (A) Transmits or otherwise communicates the offer or
2 acceptance between the purchaser and the operator.

3 (B) Owns or operates the infrastructure, electronic or physical,
4 or technology that brings purchasers and operators together.

5 (C) Provides a virtual currency that purchasers are allowed or
6 required to use to facilitate the occupancy of a short-term rental
7 from the operator.

8 (D) Software development or research and development
9 activities related to any of the activities described in paragraph
10 (2), if such activities are directly related to facilitating short-term
11 rentals.

12 (2) Directly or indirectly, through one or more related persons,
13 engages in any of the following activities with respect to facilitating
14 short-term rentals:

15 (A) Payment processing services.

16 (B) Listing homes, houses, or rooms in homes or houses, or
17 other lodgings that are not a hotel or motel, and that are not owned
18 by that person or a related person, for rental on a short-term basis.

19 (C) Setting prices.

20 (D) Branding short-term rentals as those of the short-term rental
21 facilitator.

22 (E) Taking orders or reservations.

23 (h) “Transient Occupancy Tax” means a tax imposed by a local
24 agency on the privilege of occupying a short-term rental as
25 specified and defined by the local agency in its ordinance.

26 51045. For purposes of this chapter, a person is related to
27 another person if both persons are related to each other pursuant
28 to Section 267(b) of Title 26 of the United States Code, as that
29 section was amended by Public Law 114-113, and the regulations
30 thereunder.

31 51046. (a) Upon request by the local agency, each short-term
32 rental facilitator shall report, in the form and manner prescribed
33 by the local agency, ~~the assessor parcel number~~ *physical address*,
34 *including nine-digit ZIP Code*, of each short-term rental during
35 the reporting period, as well as any additional information
36 necessary to identify the property required by the local agency,
37 including, but not limited to:

38 (1) ~~The physical address of the host property.~~ *The assessor*
39 *parcel number of the host property.*

40 (2) *The URL associated with the specific host property listing.*

1 ~~(2) The following information associated with the physical~~
2 ~~address of the host property:~~

3 ~~(A) Marketplace identification number.~~

4 ~~(B) Website address.~~

5 ~~(C) Listing identification number.~~

6 ~~(D) Property type.~~

7 (b) A local agency may make the failure of a short-term rental
8 facilitator to report the information required by this section subject
9 to an administrative fine or penalty pursuant to Section 53069.4.

10 (c) (1) A local agency may conduct an audit or otherwise
11 examine the records of the short-term rental facilitator documenting
12 the receipt of the transient occupancy tax due and payable to the
13 local agency.

14 (2) Any costs associated with an audit or examination shall be
15 paid for by the local agency.

16 51047. A short-term rental facilitator shall include in the listing
17 of a short-term rental any applicable local license number
18 associated with the short-term rental and any transient occupancy
19 tax certification issued by a local agency.

20 51048. Nothing in this chapter shall be construed to preempt
21 a local agency from adopting an ordinance that regulates short-term
22 rentals, short-term rental facilitators, or the payment and collection
23 of transient occupancy taxes in a manner different from the
24 procedures prescribed in this chapter.