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April 4, 2025

The Honorable Thomas Umberg
Chairman, Senate Judiciary Committee
1021 O Street, Ste. 7510
Sacramento, CA 95814

**RE: SUPPORT – as amended on March 20, 2025, SB 346 (Durazo) Local Agencies,
Transient Occupancy Taxes, Short-Term Rental Facilitator**

Dear Chairman Umberg,

On behalf of the Solano County Board of Supervisors, I write in support of SB 346, which will significantly strengthen local tools to ensure compliance with obligatory local ordinances regarding the collection and remittance of transient occupancy taxes (TOT) applicable to short-term rentals.

The business model utilized by Airbnb and VRBO (among others) is a website that is searched based on a general location, such as a city. The addresses of the short-term rentals are not made available on the websites of these platforms. Only after payment is received, and the date of the stay approaches, does the guest receive communication from the platform regarding the exact location of the property. State law does not currently speak to short-term platform operators being required to provide the location of the properties listed on their website to local tax and land use authorities, despite local tax and use laws being entirely applicable to the host.

The gap in the law presents a substantial obstacle that local governments continue to face in enforcing existing ordinances on short-term rental operators who do not want to disclose their locations directly to the city or county in which they are operating. What counties have been left to do is either contract with third party technology companies to data-mine the web to locate these properties for the local government or agree to "Voluntary Collection Agreements" (VCAs); neither of which is ideal.

Counties and cities currently spend tens of thousands of dollars (or more) on contracts with technology companies to find the addresses listed on the platform's website. While specific data varies from jurisdiction to jurisdiction, in general, 25 percent or more locations are identified on an annual basis that are operating illegally. That could mean they have not registered with the local agency, do not have a business license, STR permit, or a tax certificate, or they may be operating in an area that has a limit or ban on the operations of short-term rentals in residential neighborhoods. It is also worth noting that the locations that are shown on maps to generally indicate where the property is located are often intentionally misleading due to local prohibitions.

The other mechanism a handful of counties have previously been able to utilize is entering into a VCA with the platforms (although prior to the introduction of this measure, no platform was offering to enter into agreements with additional cities or counties). Entering into these agreements (of which approximately 80 cities and counties in California have) leaves those jurisdictions in the untenable position of choosing between collecting some taxes through this process and trusting that it is accurate and lawfully collected, or trying to pursue collection directly from property owners, which is time- and cost-intensive due to the sheer volume of listings in some jurisdictions. This is because the standard

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boilerplate language in each VCA significantly limits a county's ability to audit and prohibits counties from obtaining the addresses of properties listed on the short-term rental platform. This is only made worse by deliberately vague and purposefully misleading descriptions of the properties' locations, which make it harder for local agencies to enforce local laws on these operators. Only through continual court action, such as a subpoena, could a county force platform operator to provide this critical information. This is not efficient; this is not fair, and this is not how government should work.

By authorizing a local agency to require a short-term rental facilitator to report, in the form and manner prescribed by the local agency, the assessor parcel number of each short-term rental listed on the site, along with any locally-required permit number, SB 346 will increase TOT compliance and ensure that local agencies are not receiving unlawfully-generated tax revenue from properties not authorized to be used for short-term rental lodging.

In communities facing housing shortages and a lack of workforce housing, additional tools are needed to mitigate the erosion of the long-term housing stock. However, absent State action to compel platforms to cooperate fully with local agencies regarding the location of properties listed on their sites, TOT collection will remain a concern with respect to accuracy and lawfulness, and local governments will remain hampered in their ability to truly preserve housing stock in their jurisdictions. SB 346 will ensure that this business model - that purposefully obscures the location and legality of their revenue streams to maximize profit and minimize tax obligations and land use control – is finally ended. This legislation is vitally needed to modernize California statute and provide the tools needed to apply existing laws fairly and effectively to evolving technologies.

In Solano County, traditional businesses, such as hotels, bed and breakfasts, and inns, are subject to local business licenses, zoning laws, health and safety regulations, and tax obligations (TOT). These businesses must comply with stringent regulations to operate legally, ensuring that they contribute to the local economy and abide by community standards. However, as described above, short-term rental platforms are not subject to the same level of oversight and thus are allowed to avoid the costs that traditional businesses incur. This creates an uneven playing field, where Airbnb and others have lower operational costs, resulting in unfair competition. Solano County supports SB 346 because the bill helps address these disparities through a more consistent and equitable application of the law; this bill will reduce the unequal advantage that short-term rental platforms currently benefit from, at the expense of traditional brick and mortar businesses, and it will promote fair competition in the local economy.

For these reasons, Solano County is pleased to support SB 346 and respectfully requests your "Aye" vote on this measure.

Respectfully,



Mitch Mashburn, Chair
Solano County Board of Supervisors

CC:

Members of the Senate Judiciary Committee
The Honorable Maria Elena Durazo, California State Senator
The Honorable Christopher Cabaldon, California State Senator
The Honorable Lori Wilson, California State Assemblymember
The Honorable Solano County Board of Supervisors
Paragon Government Relations
Karen Lange, SYASL Partners, Inc.