

# Planning and Development Committee JOINT FAVORABLE REPORT

**Bill No.:** SB-335

**Title:** AN ACT CONCERNING SHORT-TERM RENTAL PROPERTIES.

**Vote Date:** 3/22/2024

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/6/2024

**File No.:**

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## **SPONSORS OF BILL:**

Planning and Development Committee

## **REASONS FOR BILL:**

Increased traffic, noise, parking issues and other concerns associated with short-term rentals have prompted many municipalities to consider efforts to regulate such rentals. Due to the advent of Airbnb and Vacation Rental by Owners (VRBO), short-term rentals are growing in popularity throughout the country, including Connecticut. The growing challenge of short-term rentals, which create safety concerns, reduce affordable housing inventory, drive up rent prices, and displace long-term residents is becoming apparent to many. This bill provides two important tools to municipalities that can help with management: the authorization to establish ordinances concerning the licensing and regulation of short-term rental properties; and the ability to retain expert assistance in developing regulations and ordinances to properly manage these uses.

## **SUBSTITUTED LANGUAGE:**

Makes changes to the definition of “short-term rental property” to ensure that furnished residences are not included in such definition.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

None expressed.

## **NATURE AND SOURCES OF SUPPORT:**

[Connecticut General Assembly, Senator, Cathy Osten:](#)

She explains that the City of Norwich has an abundance of short-term rental units. In speaking with the Mayor, City Council, and the city's corporation counsel, it is her understanding that they need to clarify state statute to allow cities and towns to engage consultants and to adopt local ordinances regarding the licensing, regulating and enforcement of short-term rental properties.

**Connecticut Chapter of the American Planning Association, Government Relations Officer, John Guskowski:**

He shares that over the last several years, the use of single-family properties as short-term rentals has dramatically expanded in Connecticut communities. He expresses that both tools in the bill will provide additional local resources to help find longer-term balance between the rights of property owners and the need for a municipality to maintain orderly control and ensure public health, safety, and welfare throughout Connecticut communities.

**American Hotel and Lodging Association, Vice President & Policy Counsel, Sarah Bratko:**

AHLA strongly supports legislation that empowers local municipalities to regulate short-term rentals. As an example, she explained that in 2016, Arizona Governor Ducey signed into law a bill (S.B. 1350) that prohibited cities from banning or capping the number of short-term rentals in the community, allowing short-term rentals to proliferate in residential communities across the state. The consequences were immediate and far-reaching. Tourist destinations like Sedona lost roughly 30 percent of its single-family homes, drastically limiting the houses available to locals, and forcing families to look outside of the area. Six years later, Governor Ducey signed S.B. 1168 into law, to un-do the damage and once again allow cities to establish short-term rental regulations and requiring operators to obtain local licenses and permits. She concluded by requesting that that the Committee consider amending this legislation to create a statewide registry system for short-term rentals that holds the short-term rental platform accountable for compliance. She states that this is a key measure that would give municipalities the information that they need to regulate short-term rentals in a way that makes sense for their communities. She adds that AHLA would be happy to work with the Committee on drafting the language.

**NATURE AND SOURCES OF OPPOSITION:**

**Gary Gorqliano, Resident of CT:**

He expressed opposition for multiple bills sponsored by the Planning and Development Committee.

**NATURE AND SOURCES OF GENERAL COMMENTS:**

**Connecticut Council of Small Towns, Executive Director, Betsy Gara:**

She expresses that while municipalities recognize that short-term rentals can help boost the local economy, the use of such properties for large house parties and other events has created public health and safety concerns in communities large and small. She concludes by saying that although COST supports efforts to assist municipalities in soliciting input, it is their

understanding that municipalities have the inherent power and planning and zoning commissions have certain explicit power under title 8 to retain legal or other expertise to assist in drafting an ordinance. By implying that it can only be done subject to the vote of the legislative body, they are concerned that unless it is approved at a town meeting (and not by the Board of Selectmen or the land use commissions) a municipality could not engage such expertise. Accordingly, COST seeks revisions to the bill to address this concern.

**Lower Connecticut River Valley Council of Governments, Executive Director, Samuel Gold:**

He expresses that the proposed act would allow municipalities to license short-term rental properties, but it is not clear what the purpose of this licensure would be. He states that municipalities cannot levy tax on short-term rental stays, and they can already prohibit short-term rentals in the zoning regulations. He shares that if the purpose of the license would be for municipalities to know where short-term rentals are located, that information could get obtained from the Department of Revenue Services (DRS), who is collecting the 15% tax on stays. He concludes by saying that RiverCOG is concerned that although the bill is well intentioned, municipalities do not have the staff to process or enforce short-term rental licensing. It is unclear whether the municipality would be enabled to charge a license fee that would cover costs of administration. He suggests that short-term rental licenses should potentially be administered by the state, dependent on local zoning and municipal input. He concludes by stating that at the very least, DRS has the tax collections for short-term rentals, that data, including addresses, should be shared with municipalities on a regular schedule.

**The Connecticut Conference of Municipalities, Advocacy Manager, Zachary McKeown:**

CCM supports the intent of the bill and acknowledges that SB 335 seeks to shed light on an industry that is gaining increased popularity and stills seems to be flying under the radar with regard to regulation. He expresses that while CCM agrees with the underlying intent of this proposal, they would encourage the Committee to provide for more local control and decision making through tools to enforce these regulations through the assessment of penalties and the establishment of a local hotel or short-term rental tax collected at the local level. CCM recommends this language should be added to this proposal.

**Reported by: Ashley Orser**

**Date: 3/27/2024**