

NetChoice *Promoting Convenience, Choice, and Commerce on The Net*

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Rep. Jeffrey C. Smith, Chairman
Mississippi House of Representatives
Ways and Means Committee

February 2, 2018

RE: **Opposition to HB 222**

Dear Chairman Smith and members of the committee,

We write in opposition to HB 222.

HB 222 suggests that simply listing a room for rent during spring break on the Ole Miss Student Union bulletin board, is enough to turn a student into a “hotel operator” for taxation purposes. This is a broad departure from the current tax structure and gives significant new powers to the Department of Revenue.

Last year we worried about how the Department of Revenue’s short-term rentals (“STR”) proposed rules, similar to those in HB 222, would encourage other governmental agencies to foist unreasonably burdensome requirements onto these students and other Mississippi residents who want to earn a little, much needed, additional income through STRs. We reiterate these and additional concerns below about the impact of passing HB 222.

Benefits to your constituents of short-term rentals

Short-term rental services provide necessary income to many of Mississippi’s residents. Over 52 percent of hosts nationwide live in low-to-moderate income households. More than 48 percent of the income hosts earn through certain short-term rental services is used to cover household expenses.

Consider, for example, families coming from across the country for graduation ceremonies at Mississippi State University. Short-term rental services allow your constituents to earn income by sharing their homes.

The presence of short-term rental services also brings new money into areas of Mississippi’s unserved or underserved by hotels. Since there are few hotels in many parts of Mississippi, travelers are not likely to encounter those localities’ businesses. Conversely, guests who stay via short-term rental services, bring income to underserved areas as they visit the local restaurants, grocery stores, and stores.

Unfortunately, actions like HB 222 can depress Mississippi resident’s use of STRs for additional income.

Short-term rentals are vastly different from hotels

Your constituents’ use of their home for STRs is vastly different from being a hotel – so Mississippi should avoid conflating the two in HB 222. For example, unlike Marriott or Hilton, online platforms don’t own the homes that are shared. In fact, the users of the service are the home owners.

Moreover, big hotel companies take advantage of tax loopholes rarely available to Mississippi home owners who share their assets.

Big hotels enjoy tax-payer funded operations via the “Mississippi Tourism Sales Tax Incentive Program” which provides a rebate of the sales tax collected by big Hotels. For example, Westin received over \$15 million from Mississippi taxpayers for Westin’s hotel in downtown Jackson.

Large entrenched incumbents may use words like “fairness” or “even playing field” but they don’t really want that. If they did want an even playing field, then big hotels like shouldn’t accept these development incentives from the taxpayers of Mississippi.

Big hotel chains benefit most from HB 222

Big hotel chains are backing measures to depress the presence of short-term rentals, like HB 222. Big hotel chains see short-term rentals are a threat to their business model – however, it’s not for the reasons you may think.

Presently, the hotel industry enjoys record setting occupancy and pricing. However, the presence of short-term rental services is seen by some in the hotel industry as forcing hotels to keep prices at reasonable levels. For instance, LaSalle Hotel Properties’s CEO told investors that a law curtailing short-term rental services would allow hotels to boost their prices by eliminating competition.¹

Lower hotel room prices mean that visitors to Mississippi have more money to spend with Mississippi businesses. Likewise, when Mississippi residents travel, short-term rental services help them find more reasonably priced accommodations.

It’s important to keep STR services and a competitive market as a check on hotel price inflation – not scare them away through actions like HB 222.

For the reasons above, we ask that you not advance HB 222.

Sincerely,



Carl Szabo

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NetChoice is a trade association of e-Commerce and online businesses. www.netchoice.org

¹ Gaby Del Valle, *Hotel CEO: New Airbnb Regulations Should Allow A 'Big Boost' In Hotel Room Rates*, Gothamist (Oct. 27, 2016) (Passage of a law limiting short-term rental services “should be a big boost in the arm for the business, certainly in terms of the pricing.”)