

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

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RE: Concerns with SB 463 – Limited Residential Lodging

Dear Sen. Conway,

While well intentioned, we worry that the breadth of SB 463 will effectively eliminate the presence of Short-term rentals (STR) in Maryland.

We do, however, agree with reasonable registration requirements for STR hosts and regularly advocate for use of such registrations.

Nonetheless, we welcome the opportunity to work with you to amend SB 463 so that it achieves the goals of registration and tax collection without undermining a burgeoning industry on which hundreds of Maryland residents partake.

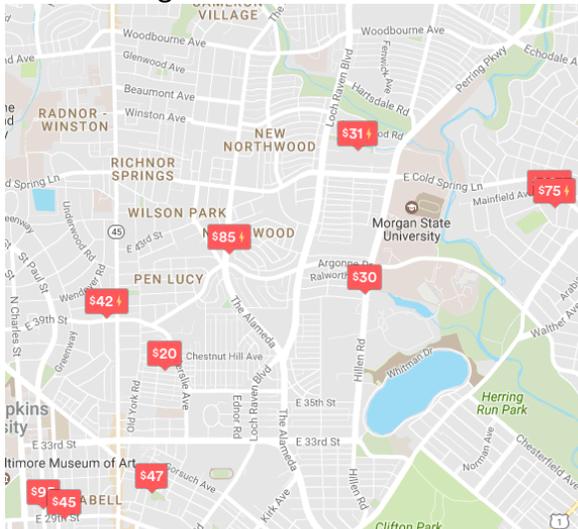
Benefits to your constituents of short-term rentals

Short-term rental services provide necessary income to many of your constituents. 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.

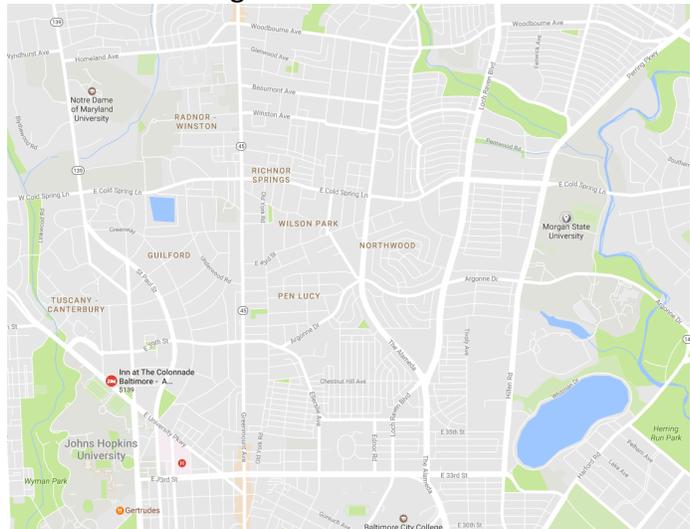
Consider, for example, families coming from across the country for graduation ceremonies at Morgan State University, Loyola University Maryland and the Notre Dame of Maryland University. Short-term rental services allow your constituents to earn income by sharing their homes.

The presence of short-term rental services also brings new money into District 43. Since there are few hotels in your district, travelers are not likely to encounter your District’s businesses. Conversely, guests who stay in your district via short-term rental services, bring income to your districts as they visit restaurants, grocery stores, and businesses in District 43.

STR listings in and around District 43



Hotel listings in and around District 43



Big hotel chains benefit most from SB 463 passage

Big hotel chains are backing SB 463 for entirely selfish reasons. 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 Baltimore have more money to spend with Baltimore businesses. Likewise, when your constituents travel, short-term rental services help them find more reasonably priced accommodations.

As you can see from the image above, the nearest hotel to Morgan State, The Inn at The Colonnade Baltimore costs \$139/night as opposed to only \$30 at a short-term rental. It's important to keep short-term rental services and a competitive market as a check on hotel price inflation.

As written SB 463 would undermine a key benefit of the internet and would likely be unconstitutional

SB 463 forces hosting intermediaries like HomeAway, Airbnb, and VRBO to know if a host is licensed (p. 6 line 24-25 of SB 463). However, there is no clear mechanism for them to achieve this knowledge with certainty.

Moreover, much like the Classified ads listing in the Baltimore Sun, these hosting platforms are just that, platforms for hosts to list their short-term rental availability. It would be absurd to impose these requirements on the Sun's classified section and we ask that you not do so for short-term rental services.

Also, the strict liability requirement is surely unconstitutional as it is preempted by federal law.

The internet is an open resource that enables people from all parts of Baltimore to publish their views and pursue their goals. While some nations discourage user-generated content, the United States created a fertile ground for business models that have transformed the world.

Moreover, this openness is bolstered by Section 230 of the federal Communications Decency Act, which says platforms can't be held strictly liable for content posted *by others*.

However, this section fails to recognize Section 230. This not only threatens a core tenet of the internet, but is at odds with federal law – resulting in the likely injunction of the SB 463.

As written SB 463 exposes the privacy of Maryland residents and short-term rental guests to law enforcement

Protection under the 4th Amendment of the Constitution from unlawful search and seizure is a core privacy protection. Unfortunately, p.8 § (3) of SB 463 would require platforms to disclose records and information about hosts and guests to the government. Moreover, this disclosure does not require law enforcement to first obtain a warrant.

We worry that these investigations by law enforcement could be abused.

Rather than advance SB 463 as written, which would effectively ban short-term rentals, we instead encourage you to look to reasonable regulations that have proven beneficial in other jurisdictions.

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.")

We've seen high compliance rates when localities create reasonable registration and regulation for short-term rentals.

A thoughtful approach to home-sharing by creating a registration process would benefit all Baltimore and Maryland residents. Registration would also ensure the home-sharing boon to homeowners and visitors also benefits non-participating residents through revenue collection that is funneled back into the local economy and Baltimore projects.

We welcome the opportunity to work with you on reasonable regulations that allow all to prosper.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carl Szabo".

Carl Szabo

Senior Policy Counsel, NetChoice

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