

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

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Chairman Greg Adkins
Nashville Metropolitan Planning Commission
1 Public Sq # 204
Nashville, TN 37201

May 1, 2017

RE: **Opposition to Ordinance 608 to essentially ban on vacation rentals by 2021**

Dear Chairman Adkins and Commission Members:

We ask that you oppose Ordinance 608's proposed ban (referred to as a phase-out) on non-owner occupied short-term rental properties (hereinafter STRPs) as it would:

- Suppresses tax collection and compliance
- Hurts local businesses
- Encourage hotels to raise prices
- Sends Nashville on the wrong path

Ordinance 608 imposes liability on Nashville travel agents, property managers, newspapers, and universities.

We are sure that the Committee would think it absurd to hold *newspapers* responsible for what customers write in their classified listings. But that is precisely what Ordinance 608 would require of classified sections of newspapers, bulletin boards in universities, and internet websites for STRPs.

Ordinance 608 requires every business that advertises a non-owner occupied STRP to ensure the presence of permit numbers. Advertisements, of course, would include paid-for ads in the classified section of the local newspaper. Failure to make the disclosure could result in stiff penalties.

Banning non-owner occupied short-term rentals properties depresses tax collection

We've seen high compliance rates when localities create reasonable registration and regulation for short-term rentals. By achieving a high level of compliance, Nashville would enjoy a more reliable source of tax revenue from registered home owners.

Unfortunately, the proposed ban makes any compliance impossible. Moreover, it will not prevent the presence of STRPs in Nashville -- but would merely send them underground. This means less tax revenue for the state and less oversight of short-term rental activity.

Hurts local businesses

It's not just the hosts that lose from a ban on short-term rentals, but also Nashville's local businesses. When travelers save on lodging, they have more to spend at Nashville's local restaurants, shops, and stores. Moreover, short-term rentals encourage travelers to visit parts of Nashville not serviced by hotels.

In essence, short-term rentals mean more money for Nashville's smaller businesses.

In fact, a recent survey found that 64% of local voters believed having short-term rentals in the city brings benefits to local residents and the local economy.

Banning short-term rentals encourages hotels to raise prices

Short-term rentals have frustrated hotels as they create price competition that benefits home-owners and travelers alike.

Hotels excitedly exclaimed that a new law banning short-term rentals “should be a big boost in the arm for the business,” “certainly in terms of the pricing.” Another hotel operator said stated short-term rental companies have frustrated his “ability to price at what maybe the customer would describe as sort of gouging rates.”¹

Moreover, while hotels are complaining about short-term rentals, they are enjoying record level profits and reservations.²

Requirements would run afoul of federal laws

The internet is an open platform that enables people from all parts of Nashville to participate and say whatever they want.

While some nations discourage user-generated content, the United States created fertile ground for business models that have transformed the world.

Moreover, this innovation is protected by Section 230 of the federal Communications Decency Act. Section 230 operates as the backbone for our favorite e-Commerce sites. Without Section 230 we might not have platforms like eBay, Kickstarter, Stubhub, HomeAway, or YouTube. Put simply, Section 230 says platforms can’t be held strictly liable for content posted by others.

However, Ordinance 608 ignores 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 Ordinance 608.

A better path for Nashville

Instead of moving forward with Ordinance 608, we instead suggest that you encourage the state legislature to follow Arizona and other states that are taking a reasonable approach to short-term rentals. Arizona successfully and proudly adopted legislation that creates registration requirements for hosts, opportunity for platforms to collect and remit taxes, state-wide standards, and local control for noise and other issues.

We ask that you not deny your constituents the right to earn extra money by sharing their homes. We hope that instead you look to create short-term rental policies developed through an open and transparent dialogue among policymakers, industry stakeholders, property owners, and the public.

So while we ask that you not ban short-term-rentals we welcome the opportunity to work with you on reasonable regulations that allow all to prosper.

Sincerely,



Carl Szabo

Senior Policy Counsel, NetChoice

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

¹ Elizabeth Dwoskin, *Hotel CEO openly celebrates higher prices after anti-Airbnb law passes*, The Wash. Post (October 26, 2016).

² Hotel occupancy is on track to reach a record this year, with the national occupancy rate predicted to reach 65 percent in 2015, or the highest since hotel-data provider STR started tracking in 1987 (see [CBS Money Watch - Who is Airbnb really hurting?](#)).