



# City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Finance

To: City Council

From: City Manager & Staff

Council Meeting Date: July 1, 2024

Re: Amending Chapter 26 Relating to Bed and Breakfast Establishments and Short-term Rental of Residential Dwelling Units

## Executive Summary

An ordinance has been prepared to amend Chapter 26 of the City Code relating to bed and breakfast establishments and short-term rentals of residential dwelling units.

## Discussion

These Chapter 26 amendments integrate bed and breakfast establishments and short-term rentals into the definition of "hotel, motel, or tourist court" for the purposes of taxation, and consequently apply the obligations, benefits and penalties which are covered in Chapter 26, article IV – *Hotels and Motels*, to short-term rentals and bed and breakfast establishments. The obligations include:

1. An accommodations tax of five (5) percent of the gross daily rental receipts due from or paid by any transient guests. Please note that, as with the establishments already covered by this article, this obligation is in addition to the business license requirements outlined in Sec. 13-20.
2. Granting the City Manager or designee the authority to examine and inspect all books and records of the short-term rental or bed and breakfast as may be necessary to determine the correct tax amounts.

The benefits associated with approving these amendments include collecting accommodation taxes. These taxes may be used and expended by the City for the purposes of promoting conventions, tourism and economic development in the City; planning, promoting, operating and constructing tourist attractions and planning and promoting tourist events which have substantial potential to generate overnight visitation; planning and constructing airport terminal improvements.

## Fiscal Impact

Short-Term Impact: Accommodation tax revenue, year one, is estimated at \$297,000, based on assumptions of 5% of receipts from 300 establishments, each rented for 120 nights per year at an average rate of \$165/night.

Long-Term Impact: None



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## Strategic & Comprehensive Plan Impact

### Strategic Plan Impacts:

Primary Impact: Resilient Economy, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

### Comprehensive Plan Impacts:

Primary Impact: Economic Development, Secondary Impact: Land Use & Growth Management, Tertiary Impact: Livable & Sustainable Communities

## Legislative History

Date	Action
02/05/2024	B2-24 Amending Chapter 29 of the City Code to establish use-specific standards governing the operation of short-term rentals. <a href="#">B2-24</a>
05/20/2024	B99-24 Amending Chapter 29 of the City Code relating to the definitions and use-specific standards for short-term rentals. <a href="#">B99-24</a>
05/20/2024	Amending Chapter 13 of the City Code to add a new Division 3 to establish business licensing regulations for short-term rentals; amending Chapter 26 relating to taxation of transient guests. <a href="#">B97-24</a>

## Suggested Council Action

Adopt the proposed ordinance amendments.