

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

SB 346 (Durazo)
Version: March 20, 2025
Hearing Date: May 6, 2025
Fiscal: No
Urgency: No
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SUBJECT

Local agencies: transient occupancy taxes: short-term rental facilitator

DIGEST

This bill authorizes local agencies to establish ordinances to require “short-term rental facilitators” to report specified information regarding short-term rentals.

EXECUTIVE SUMMARY

The dramatic increase in short-term rentals in California has wreaked havoc in many localities, with a number imposing strong restrictions and even outright bans. Concerns range from deterioration of the fabric of local communities to an escalation of the housing supply and affordability crises. Local agencies are authorized under current law to levy taxes on short term occupancies of rooms, living spaces, and other lodging. This allows jurisdictions to be compensated for this burgeoning business, but issues have arisen about identifying and fully collecting these “transient occupancy taxes” (TOTs), especially when facilitated through online platforms.

This bill addresses the issue by authorizing local agencies to adopt ordinances that require “short-term rental facilitators,” such as Airbnb and VRBO, to transmit information allowing for cities and counties to effectively enforce and collect the payment of TOTs within their jurisdictions. Local agencies, under such an ordinance, are allowed to require the facilitators to provide them the assessor parcel number of each short-term rental during the applicable reporting period, as well as any additional information necessary to identify the property.

This bill is sponsored by the California Association of County Treasurers and Tax Collectors and the League of California Cities. It is supported by a wide array of local agencies, business associations, and labor groups, including the County of Sacramento and SEIU California. It is opposed by several entities, including Airbnb and Technet. This bill passed out of the Senate Local Government Committee on a 7 to 0 vote.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Authorizes the legislative body of any city, county, or city and county to levy a tax on the privilege of occupying a room or rooms, or other living space, in a hotel, inn, tourist home or house, motel, or other lodging unless the occupancy is for a period of more than 30 days. The tax, when levied by the legislative body of a county, applies only to the unincorporated areas of the county. (Rev. & Tax Code § 7280.)
- 2) Authorizes a local agency, by ordinance, to make any violation of any ordinance enacted by the local agency subject to an administrative fine or penalty. The local agency shall set forth the administrative procedures that shall govern the imposition, enforcement, collection, and administrative review by the local agency of those administrative fines or penalties, as specified. The local agency must provide for a reasonable period of time for the violator to correct or otherwise remedy a violation and any final determination must be subject to appeal to the superior court. (Gov. Code § 53069.4.)
- 3) Authorizes a county or city to make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws. (Cal. Const., Art XI, § 7

This bill:

- 1) Establishes the “Short-Term Rental Facilitator Act of 2025,” which applies only to those local agencies that adopt an ordinance that makes these provisions applicable.
- 2) Requires a short-term rental facilitator, upon request by the local agency, to report, in the form and manner prescribed by the local agency, the assessor parcel number of each short-term rental during the reporting period, as well as any additional information necessary to identify the property required by the local agency, including, but not limited to:
 - a) The physical address of the host property.
 - b) The following information associated with the physical address of the host property:
 - i. Marketplace identification number.
 - ii. Website address.
 - iii. Listing identification number.
 - iv. Property type.

- 3) Authorizes a local agency to do the following:
 - a) Subject a short-term rental facilitator that fails to report the required information to an administrative fine or penalty pursuant to Section 53069.4.
 - b) Conduct an audit or otherwise examine the records of the short-term rental facilitator documenting the receipt of the transient occupancy tax due and payable to the local agency with all costs paid for by the local agency.
- 4) Requires a short-term rental facilitator to include in the listing of a short-term rental any applicable local license number associated with the short-term rental and any transient occupancy tax certification issued by a local agency.
- 5) Specifies that nothing therein shall be construed to preempt a local agency from adopting an ordinance that regulates short-term rentals, short-term rental facilitators, or the payment and collection of transient occupancy taxes in a manner different from the procedures prescribed in this chapter.
- 6) Defines the relevant terms, including:
 - a) "Short-term rental" means the occupancy of a home, house, a room in a home or house, or other lodging that is not a hotel in this state for a period of 30 consecutive days or less and under any other circumstances specified by the local agency in its ordinance that is facilitated by a short-term rental facilitator.
 - b) "Short-term rental facilitator" means a person or entity that facilitates for consideration the occupancy of a short-term rental that is not owned by the person facilitating the rental, through a marketplace operated by the person or a related person or entity, and that does both of the following:
 - i. Directly or indirectly, through one or more related persons, engages in any of the following:
 1. Transmits or otherwise communicates the offer or acceptance between the purchaser and the operator.
 2. Owns or operates the infrastructure, electronic or physical, or technology that brings purchasers and operators together.
 3. Provides a virtual currency that purchasers are allowed or required to use to facilitate the occupancy of a short-term rental from the operator.
 4. Software development or research and development activities related to any of the activities described in paragraph (2), if such activities are directly related to facilitating short-term rentals.
 - ii. Directly or indirectly, through one or more related persons, engages in any of the following activities with respect to facilitating short-term rentals:

1. Payment processing services.
2. Listing homes, houses, or rooms in homes or houses, or other lodgings that are not a hotel or motel, and that are not owned by that person or a related person, for rental on a short-term basis.
3. Setting prices.
4. Branding short-term rentals as those of the short-term rental facilitator.
5. Taking orders or reservations.

COMMENTS

1. Responding to the surge of short-term rentals

The Senate Local Government Committee analysis provides useful context for the bill:

In recent years, internet-based platforms like Homeaway, VRBO and Airbnb have facilitated increasing numbers of short-term rentals of homes and rooms within residences. Short-term rentals, also known as vacation-rentals, are usually an individual's residential property, such as a home, room, apartment, or condominium they rent out to a visitor for fewer than 30 consecutive days. Generally, the home sharing industry involves three primary participants: (1) the short-term rental facilitator, such as Airbnb, that advertises residential properties offered for temporary rental and facilitates connecting renters with hosts for a fee, and process payment for the rental, (2) the consumer who is often referred to as the "renter," "guest," or "visitor" of the residential property, and (3) the supplier, owner, operator, or "host" of the residential property. Short-term rentals are not a new practice, but the development of online hosting platforms, bookings, advertisements, and payments has increased. By some reports, in 2023, there were nearly 2.5 million short-term rental listings in the United States.

When short-term rentals accumulate in certain locales, it can have an impact on the housing market, potentially leading to higher rents and fewer long-term rentals available, as well as reducing the overall supply of affordable housing and altering the character of certain neighborhoods. However, the studies are divided over how big of an impact there really is.¹

¹ Samantha Delouya, *As the housing affordability crisis deepens, Airbnb and Vrbo face backlash* (October 28, 2024) CNN, <https://www.cnn.com/2024/10/28/economy/housing-affordability-airbnb-vrbo-backlash/index.html#:~:text=%E2%80%9CEverything%20that%20someone%20says%20is,may%20not%20significantly%20lower%20rents>. All internet citations are current as of April 30, 2025.

Nonetheless, some California cities have implemented regulations or even bans on short-term rentals to address this issue. The City of Irvine has banned short-term rentals.² The Long Beach City Council passed an ordinance in 2020 that allowed individual neighborhoods to petition their census block about such a policy. If over half of the residents signed, unhosted short-term rentals would be banned from operating in that neighborhood. After an alleged shooting took place within such a rental, this type of short-term rental was banned through this process in one Long Beach neighborhood.³

Last year, the Santa Ana City Council voted to ban short-term residential rentals “to preserve the character of neighborhoods, address the negative impacts caused by these unpermitted business operations, and to open up much-needed housing supplies.”⁴ The City website states:

The proliferation of online vacation rental platforms such as Airbnb.com and Vrbo.com has led to a spike in short-term rental activities in Santa Ana. However, these rentals, typically lasting less than 30 days, have been linked to a range of issues including trash and litter, excessive noise, parking problems, and neighborhood degradation.

City staff identified over 1,100 active short-term rental units operating in Santa Ana, representing approximately 35% of the City’s new housing needs as determined by the State of California. By banning short-term rentals, the City aims to preserve housing stock for long-term rental or sale, thus addressing the ongoing housing crisis.

The ordinance expressly prohibits the offering, rental, or maintenance of any short-term rental for less than 30 days.

However, many other jurisdictions in California have implemented more modest regulations or simply assess TOTs, transient occupancy taxes, that are applied to hotels and other rooms rented out on a temporary, usually less than 30-day, basis. Los Angeles County imposes one in the unincorporated areas of the county:

The Transient Occupancy Tax (TOT) is a tax of 12% of the rent charged to transient guests in hotels/motels, including properties rented through

² *Ibid.*

³ Kathleen Wong, *After a shooting, this type of short-term rentals were banned at this California neighborhood* (May 21, 2024) USA Today, <https://www.usatoday.com/story/travel/news/2024/05/21/california-neighborhood-ban-vacation-rentals/73792254007/>.

⁴ *City Council bans short-term residential rentals* (April 17, 2024) City of Santa Ana, <https://www.santa-ana.org/short-term-rentals-ban/>.

home sharing services like Airbnb, located in the unincorporated areas of Los Angeles County. The TOT is commonly known as a “bed tax”.⁵

Existing law explicitly authorizes the legislative body of any city, county, or city and county to levy a tax on the privilege of occupying a room or rooms, or other living space, in a hotel, inn, tourist home or house, motel, or other lodging unless the occupancy is for a period of more than 30 days. The tax, when levied by the legislative body of a county, applies only to the unincorporated areas of the county.⁶ The California Constitution explicitly provides the authority for a county or city to make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws.

However, there are concerns that many of these regulations and TOTs are being circumvented and the evasion is being facilitated through these online short-term rental facilitators. As stated by the author:

[O]nline hosting platforms receive revenues from short-term rental transactions that are not permitted by local ordinances, and in some communities, transient occupancy taxes can go uncollected or collected and remitted incorrectly. Furthermore, local governments often enter into Voluntary Collection Agreements (VCAs) with short-term rental platforms that allow the platform to collect and remit the applicable TOT. Unfortunately, it is often the case that entering into these agreements results in the local agency waiving or significantly restricting their ability to audit these dollars. This raises the question, is the correct amount of tax being collected and remitted?

Local agencies with VCAs were required, as part of that agreement, to waive access to addresses of the actual host properties. As such, the information that can be yielded from an audit is limited and could prevent local governments from recovering taxes owed from activity generated at those properties. Furthermore, it creates a circumstance where local governments could be unknowingly accepting collections from properties that are operating illegally. This raises serious policy concerns and underscores the critical nature of local agencies having the statutory tools to ensure operators are operating legally, are in compliance with local ordinances and are collecting and remitting the correct amounts of transient occupancy taxes to the correct local agency.

⁵ *Transient Occupancy Tax (TOT)*, Los Angeles County Treasurer and Tax Collector, <https://ttc.lacounty.gov/tot/>.

⁶ Rev. & Tax Code § 7280.

TOT collections fund, among other local needs, housing, local grant programs for community-based organizations, activities to further promote tourism, and support of a local agency's general fund, which is a critical source of dollars that can flexibly be used to meet community needs.

These issues will be front and center over the next three years, as California will host major tourism events across the state including the X Games, FIFA World Cup, Super Bowl LX & LXI, and the LA28 Olympics & Paralympics.

2. Ensuring enforcement of applicable short-term rental laws

This bill attempts to address these barriers to proper enforcement by placing modest obligations on "short-term rental facilitators," defined as a person or entity that facilitates for consideration the occupancy of a short-term rental that is not owned by the person facilitating the rental, through a marketplace operated by the person or a related person or entity, and that meets certain other conditions.

In 2020, a similar measure to this one was introduced, SB 1072 (McGuire, 2020), which would have established the "Fair and Effective Collection of Due and Payable Transient Occupancy Taxes Derived from Short-term Rentals Arranged by Online Short-term Rental Facilitators Act of 2020." SB 1072 would have required short-term rental facilitators to collect "local charges" imposed by local agencies to be collected from purchasers by the online short-term rental facilitators. SB 1072 died in the Senate Governance and Finance Committee.

The next year, SB 555 (McGuire, 2021) would have established a system by which local governments could require short-term rental platforms to collect local charges and contract with the California Department of Tax and Fee Administration (CDTFA) to collect those charges from the short-term rental platforms and remit them to the local governments. SB 555 died in the Assembly Appropriations Committee.

This bill takes a more modest approach from what was proposed above. It simply requires short-term rental facilitators to report certain information to local agencies upon request, so that they may, among other things, ensure proper collection of any applicable TOTs. The bill provides that facilitators must provide the assessor parcel number of each short-term rental during the reporting period, as well as any additional information necessary to identify the property required by the local agency including, but not limited to, the physical address of the host property and certain information associated with the address, including, where applicable, the website address and the listing identification number.

These provisions only apply where a local agency implements such an ordinance. Once enacted, a local agency is authorized to make the failure of a short-term rental facilitator to report the information required subject to an administrative fine or penalty as authorized by Section 53069.4 of the Government Code. To ensure compliance, local agencies are permitted to conduct audits and other records examinations at their own cost.

According to the author:

As a longtime advocate for working families, affordable housing, and community well-being, I am proud to introduce Senate Bill 346, which addresses the growing challenges posed by the short-term rental industry in California. Local governments need tools to ensure that transient occupancy taxes (TOT) are correctly collected and used to benefit our communities.

In recent years, short-term rentals have grown rapidly across California. While the industry can support local economies, it has also created disruptions in many communities. Unlicensed rentals contribute to rising housing costs, strain public services, and can even pose public safety risks. Short-term rental platforms like Airbnb and VRBO have expanded quickly, and local governments are increasingly finding it difficult to keep up with these changes.

A significant challenge is the lack of transparency in how transient occupancy taxes are collected and remitted. Though local governments often have agreements with short-term rental platforms to collect these taxes, these agreements limit auditing capabilities. This makes it difficult to verify that the correct amount of tax is being collected, and raises concerns that illegal rentals may go unnoticed.

Senate Bill 346 takes decisive action to address these issues. This bill will require short-term rental platforms to provide the Assessor Parcel Number (APN) of a listing upon request. The bill also mandates that short-term rental listings display the local license number and a valid TOT certification. Additionally, the bill grants local governments audit authority over the collection and remittance of transient occupancy taxes.

TOT revenue supports essential local programs, such as affordable housing initiatives and community-based grants. Without proper enforcement and oversight, local governments risk losing out on these vital funds, while illegal rentals continue to operate unchecked.

By empowering local governments to ensure compliance with local laws and guarantee proper tax collection, we can protect communities, and ensure that public resources are used effectively.

It should be noted that one local ordinance in Santa Monica was challenged by short-term rental facilitators on a number of grounds. The ordinance at issue prohibited most types of short-term rentals and imposed four obligations on hosting platforms directly: (1) collecting and remitting TOT; (2) disclosing certain listing and booking information regularly; (3) refraining from completing any booking transaction for properties not licensed and listed on Santa Monica's registry; and (4) refraining from collecting or receiving a fee for "facilitating or providing services ancillary to a vacation rental or unregistered home-share." The Ninth Circuit Court of Appeals found that the ordinance was not violative of Section 230 of the Communications Decency Act or the First Amendment to the United States Constitution.⁷

3. Stakeholder positions

The League of California Cities, a sponsor of the bill, writes:

Short-term rentals can present numerous challenges to neighborhoods and adjacent property owners. They may create additional noise, traffic, parking, and public safety issues, decrease available housing stock, and in some cases turn residential neighborhoods into de-facto hotel rows, collectively creating additional demands on local public service providers.

Unfortunately, the enforcement of TOT ordinances and the collection and remittance of these taxes from short-term rentals can be inconsistent, even when voluntary collection agreements are in place with a short-term rental facilitator. Cities lack access to property addresses or other property-related information, even under these agreements, resulting in a difficult choice to either accept tax payments without any way to verify their accuracy and legality or attempt to collect taxes directly from property owners – a costly and time-consuming process. Meanwhile, short-term rental facilitators have full knowledge of these properties' locations and resist disclosing this information. Cities can only compel short-term rental facilitators to disclose this critical information through certain legal action, such as subpoenas. This is not how oversight of public dollars should work.

SB 346 would address the above issues by providing cities with the assessor parcel number of each short-term rental listed on the facilitator's

⁷ *HomeAway.com v. City of Santa Monica* (9th Cir. 2018) 918 F.3d 676, 680.

website and full audit authority of TOT dollars. These changes would ensure the correct amount of TOT is being collected and remitted and would allow for more efficient enforcement against unlicensed units.

Expedia Group writes in opposition:

The data reporting requirements and potential audits required of [short-term rental] platforms in the bill would create substantial and unnecessary administrative burden, particularly in jurisdictions in which platforms are not responsible for collecting and remitting the tax. Expedia already works with local governments across California and the United States to collect and remit applicable TOT, either by enacting a local ordinance or entering into a voluntary collection agreement (“VCA”) between the local government and Expedia. Local lawmakers are also empowered to subpoena or otherwise require the reporting of STR operator data from platforms to the extent allowed by Federal Law. Once again, SB 346 imposes a state-level requirement that is not only unnecessary given existing local authority but is often incompatible with existing local tax or regulatory regimes.

The other sponsor of the bill, the California Association of County Treasurers and Tax Collectors explains the need for the bill over the current practice of entering into VCAs:

Entering into these agreements [(VCAs)] (of which approximately 80 cities and counties in California have) leaves those jurisdictions in the untenable position of choosing between collecting some taxes through this process and trusting that it is accurate and lawfully collected, or trying to pursue collection directly from property owners, which is time- and cost-intensive due to the sheer volume of listings in some jurisdictions; made worse by deliberately vague and purposefully misleading descriptions of the locations of the properties, to make it harder for local agencies to enforce local laws on these operators. Only through continual court action, such as a subpoena, could a county tax collector force platform operators to provide this critical information. This is not efficient; this is not fair, and this is not how government should work.

Furthermore, it has recently come to the attention of Tax Collectors that one platform, AirBNB, offers their hosts the ability to opt out of having AirBNB collect the TOT for remittance even in the jurisdictions where a VCA exists. This means that in about 80 jurisdictions in California, where a city or county has entered into a good faith agreement with AirBNB for AirBNB to collect and remit TOT while accepting that AirBNB will not ever identify the properties from where those taxes were generated, also have operators within their city or county that have host properties listed

on AirBNB's website who are able to decline to have TOT collected, knowing AirBNB will not have to identify which properties have opted out of TOT collection by AirBNB. Said another way, AirBNB is helping hosts hide from local agencies and avoid taxes.

Writing in opposition, Airbnb argues the creation of a centralized system that supports local government with tax collection is a better avenue to address the stated concerns and asserts the current bill is unnecessary and violative of the law:

Cities and counties already have the ability to formally audit short-term rental platforms regarding their tax remittance. Invasive, unlimited data reporting that violates hosts' privacy is not needed to accomplish this. While the stated intent of SB 346 is to help local governments collect tourism taxes, the language requires an overly broad collection of hosts' private and sensitive information in a way that is unnecessary for tax collection and violates federal law. As currently written, it would empower jurisdictions to collect hosts' private information or "any identifiable information" from a platform with an undefined ability to use it – even for purposes unrelated to tax collection. There are limits to the data that can be provided due to several federal laws that protect user data privacy and ensure due process, including the 4th Amendment of the U.S. Constitution. Decisions by federal courts have enjoined enforcement of data reporting provisions of similar laws on these grounds.

A coalition of business groups, including the California Hotel and Lodging Association and the Los Angeles County Business Federation, write in support:

California's business community relies upon the maintenance of a level playing field and equal contributions to mutually beneficial services. By requiring disclosure of short-term rental property Assessor Parcel Numbers and identifying information, Senate Bill 346 (Durazo) would provide the transparency local governments need to ensure that participation and create a fair operating environment for our communities. California's legislature has a longstanding tradition of establishing equal standards across all businesses - and we believe this measure to be no different.

SUPPORT

California Association of County Treasurers and Tax Collectors (sponsor)

League of California Cities (sponsor)

Asian American Hotel Owners Association

California Business Roundtable

California Contract Cities Association

California Hotel & Lodging Association
California State Association of Counties
California State Council of Service Employees International Union (SEIU California)
California YIMBY
Century City Chamber of Commerce
City of Alameda
City of Arcata
City of Beverly Hills
City of Big Bear Lake
City of Buena Park
City of Concord
City of Ferndale
City of Fullerton
City of Huntington Beach
City of Indio
City of Laguna Beach
City of Los Alamitos
City of Morro Bay
City of Napa
City of Norwalk
City of Palm Desert
City of Paramount
City of Pismo Beach
City of Placentia
City of Rancho Mirage
City of San Luis Obispo
City of Santa Barbara
City of Simi Valley
City of Temecula
City of Thousand Oaks
City of Tustin
Civitas
County of Humboldt
County of Monterey
County of Placer
County of Sacramento
County of San Mateo
County of Santa Clara
County of Trinity
James W. Hamilton, San Luis Obispo County Treasurer-tax Collector
League of California Cities
Long Beach Area Chamber of Commerce
Los Angeles County Business Federation (BIZFED)
Mammoth Lakes Tourism

Marin County Council of Mayors and Council members
Mono County Board of Supervisors
Muniservices
Napa County Board of Supervisors
Northeast Los Angeles Hotel Owners Association
Placer County Board of Supervisors
Plumas County Board of Supervisors
Rural County Representatives of California (RCRC)
San Bernardino County
Santa Barbara South Coast Chamber of Commerce
Solano County
The San Francisco Peninsula
Torrance Area Chamber of Commerce
Town of Truckee
Treasurer-tax Collector Shari Freidenrich, County of Orange
UNITE HERE International Union, AFL-CIO
Urban Counties of California (UCC)
Visit Berkeley
Visit Huntington Beach
Visit Oceanside
Visit Rancho Cordova
Visit Sacramento
Visit San Luis Obispo
Visit Santa Barbara
Visit Temecula Valley
Visit the Santa Ynez Valley
Visit Ventura
Visit Yosemite Madera County
West Hollywood Chamber of Commerce

OPPOSITION

Airbnb, INC
Expedia Group
Technet
Travel Technology Association

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation:

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SB 60 (Glazer, Ch. 307, Stats. 2021) allowed cities to impose a fine of up to \$5,000 for public and health and safety violations of a short-term rental ordinance.

SB 555 (McGuire, 2021) *See* Comment 2.

SB 1072 (McGuire, 2020) *See* Comment 2.

PRIOR VOTES:

Senate Local Government Committee (Ayes 7, Noes 0)
