

Dear Chair Scott and Council,

For the past several years, the Los Alamos County Lodgers' Tax Advisory Board (LTAB) has taken the lead in monitoring both the state's efforts to facilitate the collection of Lodgers' Tax from short-term rental property owners, as well as the number of short term rentals listed in properties in the County. During this time, we have communicated the issue to the County's Community Development Department and the mutual decision has been to continue to monitor the short-term rental industry. However, in the past two years, there have been some significant developments that merit consideration of updating the County's code, policies and processes to facilitate Lodgers' Tax collection from short term rentals.

The New Mexico Hospitality Association (NMHA) and New Mexico Tourism Department have partnered to advocate on behalf of municipalities, and to provide education and guidance for how to leverage all opportunities available for Lodgers' Tax collection and spending.

In 2019 and 2020, the state legislature made significant amendments to the Lodgers Tax Act that allow municipalities to maximize lodgers' tax collection from individuals/entities conducting the business of lodging rooms, homes, inns or hotels. Senate Bill 106 (SB106) closes a loophole exemption so that as of January 1, 2020, short-term rental hosts, no matter how many rooms they offer, are to collect and pay both Lodgers' Tax and Gross Receipts Tax from renters.

House Bill 117 (HB117), which was enacted on July 1, 2020, restricts exemptions for temporary lodging that exceeds 30 days so that beginning on the 31st day, Lodgers' Tax is to be collected and may be used by municipalities for construction, maintenance and renovation of County-owned tourist attractions and related facilities, including sports tourism. It may also be used to support public safety and community development efforts, as well as promotion of economic development related projects.

In July, NMHA published a Lodgers Tax Handbook to provide guidance on all aspects of Lodgers' Tax collection and expenditures, including the new, expanded ability to collect additional Lodgers' Tax from short term rental property owners.

During the past two years, LTAB has hosted two early adopters, the Town of Taos and the City of Roswell, to understand the process, policies and lessons learned associated with the incorporation of short-term rentals into Lodgers' Tax collection.

Nationally, this market segment has exploded and is now an expected lodging option at every destination, but it requires local governments to adopt sensible and enforceable regulations that maintain level playing fields and ensure tax revenue is collected. Locally, the number of short-term rentals has increased from single to triple digits. Now is the time for Los Alamos County to act.

In anticipation of the upcoming Development Code Update project, LTAB respectfully requests that Council direct the County's Community and Economic Development Department to initiate a comprehensive process to update the current Lodgers' Tax Ordinance and County Code. This update should consider the new legislation, the local short-term rental market, and neighborhood and County impacts.

Sincerely,

Katie Bruell
Acting Chair
Lodgers' Tax Advisory Board