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Testimony in Favor of LD 1590 “An Act To Define Commercial and Noncommercial Purveyors of Accommodations for Short-Term Rental”

Senator Hickman, Chair Myself and fellow esteemed colleagues of the Joint Committee on Labor and Housing, I am Representative Mike Sylvester and I am here to present LD 1590, An Act To Define Commercial and No-commercial Purveyors of Accommodations for Short-Term Rental.

This bill is exquisitely simple. It creates a definition defining which short-term rentals should be considered commercial entities for the purpose of regulation by entities which might wish to do so and which should be considered non-commercial. The law directs that, should municipalities enact a law restricting, regulating or allowing rights to short term-municipalities and should they choose to make a distinction between commercial and non-commercial entities, there would be a definition in state law to guide them.

Why is this necessary? If you have ever sat in a hearing, either at the state or municipal level, that concerns short-term rentals like Air BNB’s, etc. then you know that the distinctions between the out of state investor renting multiple properties and the grandmother renting out her now adult child’s back bedroom are often intertwined and conflated. To proponents of short-term rentals, to regulate the real estate mogul with twenty units as if he were running a business is to throw granny heartlessly into the street. The vast amount of the testimony is an emotional entangling of these two entities. Yet these enterprises are, by common sense, vastly different. The twenty unit purveyor of short-term rentals is clearly operating a commercial enterprise. Granny is operating a side hustle.

Yet what of the people with 3 or 4 or 6 units? Is there a distinction between them? The other distinction which dominates hearings about short-term rentals is the distinction between units where the owner-operator lives on-site and those in which the operator does not live on-site. Residents clearly prefer units in which the owner-operator lives and so I have defined these units separately allowing lived in units too have up to 3 rental units before they are termed commercial and non-lived in units to have up to 2. Is this the correct number? To be honest, I picked what seemed to me to be the median in listings which I examined. I am open to conversation. Yet, to my mind, I have been generous and someone who is operating units more than what LD 1590 is doing so as a for-profit enterprise and should be considered a commercial entity. They are a business, plain and simple.

So, in summary, while LD 1590, in itself, enacts no regulations either in favor nor to regulate short-term rentals, what it does do is to make a crucial definition for those entities which are proposing to do so. For ultimately, one of the great duties of the state is to guide its citizens and municipalities in the regulation of commerce. LD 1590 seeks to fulfill that duty achieve by creating a clear and simple set of definitions as to the scope and number of what should be considered commercial and non-commercial entities.

And, with that, I would be happy to answer any questions that the Committee may wish to proffer.