

**CITY OF HOMER  
HOMER, ALASKA**

Davis/Aderhold

**RESOLUTION 24-056**

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,  
REQUESTING THE KENAI PENINSULA BOROUGH ASSEMBLY PASS  
AN ORDINANCE DIRECTING THE FINANCE DEPARTMENT TO  
COORDINATE WITH AIRBNB REGARDING THE DIRECT  
COLLECTION OF SALES TAXES ON SHORT TERM RENTALS.

WHEREAS, Sales taxes provide a significant source of revenue to the City of Homer for funding public services and infrastructure; and

WHEREAS, The equitable collection of sales taxes ensures financial fairness for all entities conducting business within the City of Homer and Kenai Peninsula Borough (KPB); and

WHEREAS, The growth of online marketplaces and short-term rental platforms has created new challenges and opportunities for tax collection; and

WHEREAS, New short-term rentals come to the market on a regular basis, and anecdotal evidence suggests that many new and existing short-term rental owners are not aware of the requirement that they collect sales tax from their guests; and

WHEREAS, Airbnb is a significant platform for short-term rentals, with a substantial presence in Homer and throughout the KPB; and

WHEREAS, Identifying and reaching out to owners of new and existing short-term rentals appearing on Airbnb has proven challenging for City of Homer staff; and

WHEREAS, Airbnb has offered to collect sales taxes directly from guests at the time they pay for their vacation rental and associated services; and

WHEREAS, Direct collection of sales taxes by Airbnb would streamline the tax collection process, reducing administrative burdens on local hosts and ensuring a fair playing field for all visitor-hosting businesses in the City of Homer and the KPB; and

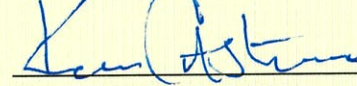
WHEREAS, The KPB Sales Tax Division of the Finance Department collects city sales taxes for purchases made within the City of Homer, and the Alaska Remote Sellers Sales Tax Commission (ARSSTC) collects city sales taxes for remote (online) sales to customers with City of Homer addresses; and

WHEREAS, The KPB and the City of Homer contribute a significant amount of funding for the ARSSTC's remote sales collection services, and Airbnb, which does not participate in ARSSTC, would provide a similar service to the City of Homer and the KPB at no cost.

NOW, THEREFORE, BE IT RESOLVED, The Homer City Council requests that the KPB Assembly pass an ordinance directing the Finance Department to coordinate with Airbnb regarding direct sales tax collection on short-term rentals in the KPB and City of Homer.

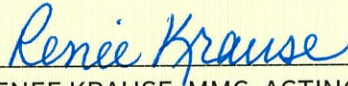
PASSED AND ADOPTED by the Homer City Council this 13th day of May, 2024.

CITY OF HOMER



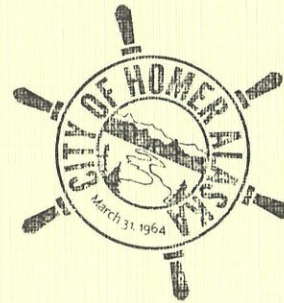
KEN CASTNER, MAYOR

ATTEST:



RENEE KRAUSE, MMC, ACTING CITY CLERK

Fiscal Note: Revenues





# MEMORANDUM

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**Resolution 24-056, A Resolution of the City Council of Homer, Alaska, Requesting the Kenai Peninsula Borough Assembly to Pass an Ordinance and Directing the Finance Department to Coordinate with Airbnb to Collect Sales Taxes on Short-term Rentals. Davis/Aderhold.**

**Item Type:** Backup Memorandum  
**Prepared For:** Mayor Castner and Homer City Council  
**Date:** May 7, 2024  
**From:** Councilmembers Davis and Aderhold

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At the December 2023 Alaska Municipal League meetings in Anchorage, Airbnb representatives told Homer City Council members that the company was setting up arrangements with municipalities nationwide whereby Airbnb would collect local sales taxes directly from customers at the time they made their purchase of a vacation rental. Airbnb would then remit the taxes directly to the municipal tax authority, relieving property owners of the burden of tracking, calculating, collecting, and remitting it. We were told that all Airbnb needed to start the process was "a copy of the municipal ordinance requiring collection of the tax."

This sounded like great news, given that, anecdotally, it seems that some new and existing Airbnb hosts in Homer may not even be aware they are required to collect sales tax from their guests, while traditional Bed and Breakfast owners and many existing short-term rental owners are appropriately collecting sales taxes from their guests. (The City of Homer had earlier embarked on a process of identifying online short-term rentals so hosts could be contacted regarding sales taxes and other matters, but found the process too complicated, cumbersome, and time consuming for staff.)

The City of Homer receives sales taxes via two channels: The Kenai Peninsula Borough (KPB) Sales Tax Division collects (from business owners) city sales taxes for purchases made within the City of Homer, and the Alaska Remote Sellers Sales Tax Commission (ARSSTC) collects (from Amazon and other online retailers) city sales taxes for remote sales to customers with City of Homer addresses. Vacation rental platforms like Airbnb do not participate in ARSSTC.

Moving to a system whereby Airbnb collected the sales tax and directly submitted it to the KPB Sales Tax Division would simplify sales tax collection for short-term rental owners. Airbnb would add the appropriate sales tax to the bill for every single short-term rental sold on its platform Borough-wide, collect it at the time of purchase, and then remit the tax directly to KPB, removing from property owners, the burden of collecting and submitting sales taxes to the KPB Sales Tax Division themselves.

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While the resolution sponsors see Airbnb's collection of sales taxes as beneficial, in that it would level the playing field by ensuring all Airbnb hosts collect sales taxes, and reduce the burden on property owners and operators using the Airbnb platform, the KPB Finance Department has been reluctant to launch the process with Airbnb.

After outreach to the KPB Mayor, the Assembly President, and Homer's representative on the Assembly, it was suggested that a resolution from the Homer City Council could be an effective way to get the ball rolling on a serious, in-depth consideration of the pros and cons of such an approach.

**Recommendation:**

Consider passing Resolution 24-056