



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Auditor-Controller-Treasurer-Tax-Collector

Subject: Approve Voluntary Collection Agreement with HomeAway.Com, Inc. (HomeAway)

Meeting Date: March 11, 2025

Formal Title: Approve agreement with HomeAway.Com, Inc., for collection and remittance of Transient Occupancy Tax at no direct cost to the County, and take related actions

Recommended Actions

1. Approve Voluntary Collection Agreement with HomeAway.Com, Inc. (HomeAway), and
2. Authorize the Auditor-Controller-Treasurer-Tax Collector to sign the agreement.

Executive Summary

The County is expanding its efforts to ensure the accurate and timely collection of Transient Occupancy Tax (TOT) from short-term rentals by entering into a voluntary collection agreement with HomeAway, which operates a platform allowing vacation rental owners or operators to advertise the availability of their properties to travelers seeking accommodations through Vrbo.com and localized VRBO websites operating worldwide. The agreement will streamline the TOT collection and remittance process by shifting the responsibility from individual property owners to HomeAway, improving efficiency and compliance.

Discussion

The County currently has 1,658 Transient Occupancy Tax (TOT) Certificates issued to vacation rental property owners in the unincorporated areas of the County. These property owners are required to collect TOT from their short-term renters and remit it to the County on a quarterly basis. Many owners advertise their properties on platforms such as Airbnb and HomeAway, which operates VRBO.com and localized VRBO websites.

In 2016, the County entered into a revenue collection agreement with Airbnb to collect and remit the required TOT from applicable rentals. HomeAway/VRBO has similar agreements with a limited number of California counties and has recently agreed to enter into such an agreement with Santa Cruz County.

The Treasurer-Tax Collector anticipates that these agreements will streamline the TOT collection process, with the majority of TOT payments being submitted to the County directly by Airbnb and HomeAway/VRBO rather than by individual property owners. This is expected to result in more accurate and timely submission of TOT payments.

The County's Internal Audit Division currently has a staff member designated to perform TOT audits and will continue this work after the agreement is in place. These audits cover both vacation rental properties and traditional lodging establishments, including hotels, motels, and bed-and-breakfasts.

Financial Impact

Implementing this revenue collection agreement will result in improved accuracy in TOT collections and timely TOT remittance to the County.

Strategic Initiatives

Operational Plan - Operational Excellence

Submitted By:

Edith Driscoll, Auditor-Controller-Treasurer-Tax Collector

Recommended By:

Carlos J. Palacios, County Administrative Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.