CITY OF SEBASTOPOL CITY COUNCIL AGENDA ITEM REPORT FOR MEETING OF: May 20, 2025

То:	Honorable City Councilmembers
From:	Vice Mayor McLewis
	Responsible Department: Acting City Manager/Assistant City Manager/City Clerk
Subject:	Consideration of Request from Cal Cities for Letter of Support
	SB 346 (Durazo) Local Agencies: Transient Occupancy Taxes: Short-term Rental
	Facilitator.
	Cal Cities Position: Support/Sponsor

RECOMMENDATION:

That the City Council consider a request from Cal Cities for letter of support on State legislative bill, SB 346 (Durazo) that impact cities, and provide direction to staff regarding the preparation and submission of such letter.

SUMMARY

The item tonight is to respond to the request from Cal Cities for letter of support on State legislative bill, SB 346 as follows:

SUPPORT – SB 346 - Local Agencies: Transient Occupancy Taxes: Short-term Rental Facilitator. Cal Cities Position: Support/Sponsor

BACKGROUND:

Cal Cities, also known as the League of California Cities, is a statewide organization that provides a unified voice for California's cities. It serves as a platform where city officials can come together to share experiences, exchange best practices, and advocate for policies at the State Capitol that benefit cities and their residents. Through its legislative efforts, Cal Cities monitors bills that impact local government and often seeks support or opposition from member cities to help influence state policy decisions.

DISCUSSION:

Cal Cities (League of California Cities) takes positions on hundreds of bills annually. With over 400 city officials serving on its seven policy committees, cities have a direct influence on the direction of Cal Cities' overall advocacy efforts.

As Council Liaison and Chair of the Legislative Committee, I am requesting that the City Council consider sending letter of support as recommended by Cal Cities.

The Council at your last meeting approved a similar agenda item on letters of support and opposition. This request is similar.

This bill has been identified as having a potential impact on cities and their ability to effectively serve their communities. Additional information on the bill is listed below.

Existing law authorizes a local authority, by ordinance or resolution, to regulate the occupancy of a room or rooms, or other living space, in a hotel, inn, tourist home or house, motel, or other lodging for a period of less than 30 days.

This bill would authorize a local agency, defined to mean a city, county, or city and county, to enact an ordinance to require a short-term rental facilitator, as defined, to report, in the form and manner prescribed by the local agency, the assessor parcel number of each short-term rental, as defined, during the reporting period, as well as any additional information necessary to identify the property as may be required by the local agency. The bill would authorize the local agency to impose an administrative fine or penalty for failure to file the report, and would authorize the local agency to initiate an audit of a short-term rental facilitator, as described. The bill would require a short-term rental facilitator, in a jurisdiction that has adopted an ordinance, 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. The bill would state these provisions do not 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 that differs from those described in the bill.

This measure would provide local governments with tools to more effectively enforce their local ordinances against unlicensed short-term rentals and to ensure local agencies are receiving the correct amount of Transient Occupancy Tax (TOT). The bill contains three components:

- Upon request, requires short-term rental platforms to disclose the Assessor Parcel Number (APN) of a short-term rental listed on the platform to local governments;
- Requires the publishing of the local license number and TOT certification, if applicable, in the short-term rental listing;
- Authorizes local governments to audit TOT if it is collected by the platform.

STAFF ANALYSIS:

The City Council has, in the past, taken positions of support or opposition on various bills submitted through the League of California Cities. While staff are not lobbyists and are not qualified to provide in-depth analysis on the attached bills, staff recommends that the Council support the recommendations of our League representative (Nancy Hall Bennett) and the Council liaison (Vice Mayor McLewis).

A draft letter of support has been prepared with language specifically tailored to explain how the legislation would impact the City of Sebastopol. This approach ensures that the City's position is clearly communicated to the State and reflect the unique needs and priorities of our community.

PUBLIC COMMENT:

As of the writing of this staff report, the City has not received any public comment. However, if staff receives public comment from interested parties following the publication and distribution of this staff report such comments will be provided to the City Council as supplemental materials before or at the meeting.

COMMUNITY OUTREACH:

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date. The City has also used social media to promote and advertise the City Council Meeting Agenda Items. The City will provide the appropriate legal notification of changes.

FISCAL IMPACT: There is no fiscal impact with approval and submission of the letter to CAL Cities.

RESTATED RECOMMENDATION:

That the Council approve the request from Cal Cities for letter of support on State legislative bill, SB 346 as follows:

SUPPORT – SB 346 - Local Agencies: Transient Occupancy Taxes: Short-term Rental Facilitator. Cal Cities Position: Support/Sponsor

OPTIONS:

That the Council not support the recommendations and provide direction to staff.

ATTACHMENTS:

SUPPORT – SB 346 - Local Agencies: Transient Occupancy Taxes: Short-term Rental Facilitator. Cal Cities Position: Support/Sponsor

APPROVALS:

Department Head Approval: CEQA Determination (Planning): Approval Date: 5-14-2025

Determination (Planning): Approval Date: 5-14-2025 This action is not subject to CEQA because it is an administrative activity that will not result in direct or indirect physical changes in the environment, and it relates to government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. (CEQA Guidelines § 15378(a), (b)(2), (b)(4) and (b)(5)).

Administrative Services (Financial)

Approval Date: 5-14-2025

Costs authorized in City Approved Budget: \Box Yes \Box No X N/A

Account Code (f applicable)

City Attorney Approval: City Manager Approval: Approval Date: 5-14-2025 Approval Date: 5-14-2025 **City Council** Mayor Stephen Zollman Vice Mayor Jill McLewis Phill Carter Neysa Hinton Sandra Maurer



Agenda Item Number: 3 Acting City Manager Assistant City Manager/ City Clerk, MMC Mary Gourley mgourley@cityofsebastopol.gov

City of Sebastopol

May 21, 2025

The Honorable Senator Maria Elena Durazo State Capitol 1021 O Street, Suite 7530 Sacramento, CA 95814

RE: <u>SB 346 (Durazo) Local agencies: transient occupancy taxes: short-term rental facilitator.</u> Notice of SUPPORT (As Introduced on February 12, 2025)

Dear Senator Durazo:

The City of Sebastopol **supports** SB 346, which would better equip cities to enforce local ordinances related to the collection and remittance of transient occupancy taxes (TOT) for short-term rentals.

Short-term rentals are regulated exclusively at the local level via the adoption of an ordinance that often includes regulations on permitting, tax compliance, noise, parking, occupancy, as well as other responsibilities for hosts and short-term rental facilitators. In some instances, ordinances limit the number of short-term rentals allowed to operate lawfully, other ordinances ban short-term rentals entirely.

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 shortterm rental listed on the facilitator's 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. For these reasons, the City of Sebastopol supports SB 346.

Sincerely,

Stephen Zollman Mayor City of Sebastopol

cc. Your Senator & Assembly Member
Your League Regional Public Affairs Manager (via email)
Meg Desmond, League of California Cities, <u>cityletters@cacities.org</u>