



# Airbnb: Generating \$2.5 Billion in Potential Tax Revenue for America's Cities



## Introduction

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Airbnb is a people-to-people platform—of the people, by the people and for the people—that was created during the Great Recession to help people around the world use what is typically their greatest expense, their home, to generate supplemental income. Today, Airbnb is the world’s leading community-driven hospitality company, with over 3 million listings in 50,000 cities and more than 190 countries across the globe, and our online platform is:

- Democratizing travel by helping everyday people visit places they might have missed, including places they otherwise could not afford.
- Democratizing capitalism by expanding the economic pie for ordinary people, allowing them to use their home to help pay for costs like food, rent, and their children’s education.
- Democratizing revenue by generating new tax dollars for governments all over the world.

In 2015, Airbnb launched the Community Compact, a document based on our core principles that guides how we partner with cities. In 2016, we released the new Airbnb Policy Tool Chest, a resource informed by hundreds of successful discussions with local policymakers for use by other governments that likewise want to smartly regulate the sharing economy.

In early 2016, our team visited the U.S. Conference of Mayors annual meeting and urged communities to work with us to collect more tax revenue from the Airbnb community. As Airbnb’s Head of Global Policy and Communications Chris Lehane said at that meeting:



**Read my lips: we want to pay taxes.”**

Since that time, we have continued to expand our programs to collect and remit hotel, occupancy, and tourist taxes on behalf of our hosts and guests. This report updates information we released in 2016 and offers new data regarding the tax revenue opportunity Airbnb presents to cities in the United States, while demonstrating how Airbnb strengthens city economies. The report also discusses how cities that are already collecting this tax revenue are using it to support a range of progressive programs and services.

## Summary of key findings

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Airbnb has already remitted \$175 million in hotel, tourist and occupancy taxes to more than 220 cities and communities around the world—up from \$42.6 million in taxes remitted in 20 cities as of our report in January 2016.

By partnering with Airbnb to create clear tax rules for home sharing, the 50 largest cities in the United States could have collected a total of \$250 million in hotel, tourist and occupancy taxes from Airbnb in 2016—up from \$200 million estimated for 2015 due to the growth of our community in these cities.

The Airbnb community is growing incredibly fast, and more and more travelers are using Airbnb to see the world. But even in the extremely unlikely event that the Airbnb community remains static at its current size, this would represent a total of \$2.5 billion over 10 years in tax revenue for the 50 largest cities in the United States.

Communities that are collecting tax revenue from the Airbnb community are using the resources to support a range of progressive programs and services, including aid for the homeless and new housing construction.

## The Airbnb community strengthens cities

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Across the United States, the Airbnb community is making cities stronger and generating much needed revenue for families and communities. While governments are debating the best way to support the middle class, Airbnb is generating real money for families right now. The typical host in the United States earns \$6,100 every year. There's no other government or private sector program we know of that's putting a 14 percent raise in middle-class families' pockets.

Most hosts earn this significant economic boost by occasionally sharing the home in which they live. The typical host in the United States shares their listing 39 days per year. Their guests are visiting neighborhoods and local businesses that haven't benefited from tourism in the past. Historically underserved neighborhoods are among the fastest growing part of our host community. In New York City's 50 majority-minority zip codes, we have seen year-over-year growth of over 70 percent and in most cities, over 75 percent of Airbnb listings are outside the main hotel districts.

Travelers go on to spend their dollars in these communities: typically, up to 50 percent of Airbnb guest spending occurs in the neighborhoods where they stay. For example, the Airbnb community generated \$12 million in economic activity in Queens, New York, in one year. In San

Francisco, Airbnb guests spent \$4.4 million at shops and restaurants in the Inner and Outer Sunset. And data shows that Airbnb guests stay longer and spend more money in the communities they visit than a typical hotel guest: 31 percent of the people who travel on Airbnb say they would have stayed home or wouldn't have stayed as long but for Airbnb.

Additionally, more of this spending goes directly to the citizens of the city they're visiting: Airbnb hosts keep 97 percent of what they charge for their listing. According to The Economist, hotels spend just 30 to 35 percent of their revenue on local labor<sup>1</sup>.

We have issued detailed reports outlining the Airbnb community's substantial positive economic impact in Chicago, Washington, D.C., New Orleans, and Austin, and recent estimates indicate that the Airbnb community will continue to generate substantial economic activity.

City	Estimated Airbnb economic impact
New York City	Over \$1.7 billion
Los Angeles	Over \$600 million
San Francisco	Over \$500 million

## Airbnb is committed to partnering with cities

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Airbnb first began collecting and remitting these taxes in San Francisco and Portland in 2014. Since then, we have worked together with forward-thinking authorities on similar initiatives in cities and jurisdictions around the globe, including:

- Ajaccio, France
- Amsterdam
- Alabama
- Anchorage, AK
- Annecy, France
- Antibes, France
- Arizona
- Avignon, France
- Biarritz, France
- Boulder, CO
- Bordeaux, France
- Cannes, France
- Chamonix-Mont-Blanc, France
- Cleveland, Cuyahoga County, Ohio
- Colorado Springs, CO
- Connecticut
- District of Columbia
- Florida (as well as over 35 individual county tax authorities in Florida)
- Humboldt County, CA
- Idaho

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<sup>1</sup><http://www.economist.com/news/finance-and-economics/21685502-services-airbnb-are-altering-economics-hotel-business-buffetts>

- Illinois and Chicago, IL
- India
- Jersey City, NJ
- Kansas
- La Rochelle, France
- Lille, France
- Lisbon, Portugal
- Louisiana
- Los Angeles, CA
- Lyon, France
- Malibu, CA
- Marseille, France
- Montgomery County, MD
- Montpellier, France
- Nantes, France
- New Orleans, LA
- Nice, France
- North Carolina (as well as 150 individual local tax jurisdictions in North Carolina)
- Oakland, CA
- Oregon
- Palo Alto, CA
- Paris, France
- Pennsylvania and Philadelphia, PA
- Phoenix, AZ
- Portland, OR
- Reno, NV
- Rhode Island
- Saint-Malo, France
- San Diego, CA
- San Francisco, CA
- San Jose, CA
- Santa Clara, CA
- Santa Cruz County, CA
- Santa Fe, NM
- Santa Monica, CA
- South Carolina
- Strasbourg, France
- Taos, NM
- Toulouse, France
- Utah
- Vermont
- Washington State

These taxes can be a significant source of revenue for city governments. All told, the Airbnb community has contributed \$175 million in additional tax revenue to the more than 220 jurisdictions where we have launched this initiative.

Much of this tax revenue has been collected through the establishment of Voluntary Collection Agreements (VCAs). Because collecting and remitting taxes can be a challenge for the regular people who host through Airbnb, Airbnb developed a tool, the VCA, to ensure that proper taxes are collected and remitted while relieving hosts of onerous tax filings and governments of the burden of collection and enforcement. When a jurisdiction signs a VCA with Airbnb, we collect appropriate local taxes from guests as part of their booking transactions and remit the tax revenue directly to the proper tax administrator on behalf of hosts.

# Contributing an additional \$2.5 billion in tax revenue

This tax initiative could generate substantial revenue that some cities may not be collecting today. We are eager to partner with more U.S. cities to establish this initiative and help make the most of this new economic opportunity.

This chart outlines tax revenue Airbnb has generated for a series of select cities in 2016:

City	Total taxes city collected in 2016 by partnering with Airbnb <i>(does not include any county- or state-level taxes that may apply)</i>
San Francisco, CA	\$19 million
Los Angeles, CA	\$13 million (began collecting 8/1/2016)
San Diego, CA	\$7 million
Portland, OR	\$4 million
Chicago, IL	\$3 million

According to our analysis of Airbnb booking data and local tax policies, by partnering with Airbnb to create clear tax rules for home sharing, the 50 largest U.S. cities would have collected a total of \$250 million in hotel, tourist and occupancy taxes from Airbnb in 2016. The chart below outlines a rough estimate of the amount of revenue selected cities could have collected in 2016:

City	Rough estimate of amount in hotel, tourist and occupancy tax a city could have collected in 2016 by partnering with Airbnb <i>(does not include any county- or state-level taxes that may apply)</i>
Austin, TX	\$6 million
Boston, MA	\$4 million
Denver, CO	\$4 million
Nashville, TN	\$3 million
Las Vegas, NV	\$3 million

Markets are always fluid and economics can change over time. The Airbnb community is growing incredibly fast, and more and more travelers are using Airbnb to see the world. But even in the extremely unlikely event that the Airbnb community remains static at its current size, this would represent a total of **\$2.5 billion over 10 years** in additional tax revenue for the 50 largest cities in the United States. The chart below outlines a rough estimate of the amount of revenue selected cities could collect over 10 years:

City	Rough estimate of amount in hotel, tourist and occupancy tax that city could collect over coming decade by partnering with Airbnb
Austin, TX	\$60 million over 10 years
Boston, MA	\$40 million over 10 years
Denver, CO	\$40 million over 10 years
Nashville, TN	\$30 million over 10 years
Las Vegas, NV	\$30 million over 10 years

## Supporting progressive policies and programs

The new tax revenue has the potential to support a range of progressive policies and services and many communities already have worked to put these resources to good use.

In Chicago for example, a portion of the new revenue is going to support affordable housing and aid for the homeless, funding supportive services attached to permanent housing for homeless families.

In Los Angeles, a voluntary collection agreement (VCA) was executed in August 2016 and has generated significantly more revenue for the city than anticipated. Mayor Eric Garcetti has expressed that the city plans to use this money in part to help with their serious homelessness problem via affordable and low-income housing initiatives. A vast majority of the funds collected so far have been used for “rapid rehousing” programs for the homeless.

In Portland, Airbnb tax revenue has been dedicated to the city’s Housing Investment Fund, which was used to secure an affordable housing bond.

Some governments have considered using these resources to support tourism. In both France

and Florida, tax dollars collected from Airbnb are supporting destination-marketing efforts and tourism infrastructure.

## Working together to deliver more revenue to more cities

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Airbnb works to implement these tax programs in partnership with cities, but even with our team working to expand this initiative, figuring out how the different tax rules apply can be a challenge and putting this program in place isn't a matter of merely flipping a switch. In a limited number of jurisdictions including New York and Hawaii, existing laws limit Airbnb's and local tax collectors ability to enter into a tax agreement. We encourage governments to lift these restrictions. We are also reaching out to city and state leaders and are eager to work with them to expand this program. Community leaders interested in working with Airbnb to implement this initiative in their hometown can reach out to Airbnb by emailing [taxfacts@airbnb.com](mailto:taxfacts@airbnb.com).

We look forward to working with city officials to establish programs for collecting and remitting tourist taxes, helping them realize the economic benefits of home sharing, and strengthening the cities and communities that Airbnb hosts call home.