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SOUTH PADRE ISLAND TO SET SAIL ON SHORT-TERM RENTALS

The City of South Padre Island City Council approved an ordinance to regulate short-term rentals on Wednesday, May 6, 2015.

South Padre Island, TX – May 12th, 2015: Throughout the nation, urban cities, mountain communities and coastal getaways are embracing and seeking to regulate short-term rentals for the benefit of all property owners. From Austin to Steamboat Springs and South Padre Island, short-term rental listings have been growing in some places from 9 all the way up to 20 percent or more. With new city council members leading the way, one South Texas coastal community South Padre Island has passed a highly challenged short-term rental ordinance. South Padre Island estimates collecting as much as an additional $300,000 per year in hotel occupancy taxes (often referred to as "HOT" taxes) from short-term rental units that are not currently complying. In addition to the enforcement and collection of HOT tax, the ordinance is expected to bring more balance between rental property owners and residents.

The first reading of the ordinance passed Wednesday, April 15, 2015 and after a final legal review from City Attorney Paul Cunningham was adopted at the May 6th Regular City Council Meeting. All council members voted in the affirmative to proceed with the ordinance that will require individual rental property units to register with the City and imposes a fine of $500 a day for violations. "Not everybody completely agrees with everything but I think we've come an awful long way," said Council Member Dennis Stahl, who spearheaded the ordinance.

Ordinance No. 15-03 requires a $50 registration fee, which will be waived for rental property owners who already pay their HOT taxes. SPI estimates that about 1,000 units do not pay hotel occupancy taxes. In a town of approximately 3,000 the lost HOT tax could help fund much needed projects. HOT taxes fuel the South Padre Island Convention and Visitors Bureau (CVB) as well as tourism by paying for marketing, beach nourishment, and beach maintenance. "This is a very vital industry for South Padre Island. This is to get better compliance which we've been struggling with for many years," said Mayor Barry Patel. Brick and mortar hotels and many island rental management agencies have been paying HOT tax for years. This is in line with being fair to compliant taxpayers and will also allow a more robust effort by the CVB to market condo rentals.

Individual home and condo owners are capitalizing on the growing trend in the short-term rental market and are in essence acting like hotels yet not paying HOT taxes receiving a 14.5 percent discount. South Padre Island's effort seeks to regulate these and be in compliance with state laws requiring the collection of HOT taxes. Mayor Patel further stated that the ordinance was not punitive.

A task force was created by City Council Member Dennis Stahl that consisted of City Manager Bill DiLibero, City staff, and several property owners. The HOT Tax Task Force developed the new City ordinance along with the forms, website and training process to support the new law. Sim Clinton, Will Greenwood, Eleana Jones, Bryan Pinkerton, and Sean Till, all business owners representing rental property owners on South Padre Island, took part in the HOT Tax Task Force that developed the new City ordinance. "I believe that this ordinance is great for the island and great for property owners," said Eleana Jones of Padre Getaways.

The ordinance requires properties that rent for less than 30 days to register each unit and list ownership information. It also provides the City with a means to enforce the collection and remittance of HOT tax by requiring that all short term rental properties be registered with the City and file HOT tax reports. Property owners who are renting their properties at a lower total price by not collecting hotel tax will no longer have an illegal competitive advantage (14.5% discount) over property owners who are complying with the law.

The ordinance requires that the registration number be posted on all advertising. This will bring creditability in the vacation rental marketplace for properties on South Padre Island. Helping to eliminate fraudulent listings that are stolen from legitimate websites. In some extreme incidents guests have shown up to the island only to discover that they paid for a rental that does not exist or is invalid. Visitors will now have a way to identify vacation rental properties that are reputable and in good standing with the City by being able to refer to each properties unique registration number.

Finally, the ordinance requires a 24/7 contact number within one hour response time for all short-term rentals. This will assist our City authorities in enforcing other ordinances such as noise, disturbance, and fire code occupancy, by holding the rental owner or their rental agents accountable for the actions of their guests. There are no additional taxes or fees. It is a compliance tool to get businesses to comply with existing tax laws. Violators would face daily fines of as much as $500.

There is a simple online process to register that will also be supported by in-house city staff for those who experience difficulty using the online system.

Daytime, evening, and weekend trainings are scheduled for Tuesday May 12th 10 AM - 12 PM, Wednesday May 13th 6 PM - 8 PM, and two sessions on Saturday May 23rd 10:30 AM - 12:30 PM & 1 PM - 3 PM. In the workshop, City staff will walk anyone attending through the process of signing up.

For more information visit: http://myspi.org/category/subcategory.php?categoryid=69
Or contact: Copywriter Nancy Botello at 956-761-8382 or Nancy@SoPadre.com or email HotTax@SoPadre.com

This article was written with the help of Jason Blevins and his article "Mountain Towns learn to love-and regulate-short-term rentals" originally published in The Denver Post: http://www.denverpost.com/business/ci_27571002/mountain-towns-learn-love-and-regulate-short-term

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For more information on this topic, or to schedule an interview with Adrian Rodriguez, City of South Padre Island Public Information Officer, please call: (956) 761-8110 or email: ARodriguez@MySPI.org