

Testimony of Josh Meltzer, Public Policy, Airbnb
Connecticut General Assembly
In Opposition to House Bill 7177
Wednesday, February 27, 2019

Good afternoon. My name is Josh Meltzer and I am the Northeast Head of Public Policy for Airbnb.

Airbnb opposes House Bill 7177, which threatens to undermine the economic lifeline of home sharing for local hosts in Connecticut and curtail the economic impact that short-term rentals (STR) have provided to small businesses across Connecticut.

Before turning to our specific comments to the draft regulations, I want to provide an overview of Airbnb in Connecticut and some of the tools we've used to establish trust and security on our platform.

Airbnb in Connecticut

Airbnb was launched in 2008 with a single listing in a single apartment in San Francisco. Our founders-- recent graduates of the Rhode Island School of Design-- were struggling to afford an increasingly expensive housing market and decided to open up their own home to host other artists who were in town for a design conference.

A decade later, that single home share has turned into a platform that has brought 400 million guests to over 5 million listings in 81,000 cities in nearly every country across the globe.

Of course, while Airbnb has used the power of the internet to bring together millions of hosts and guests, Connecticut residents are well aware that home sharing didn't start with Airbnb. Rather, it is a historic tradition—in this state and others.

Airbnb is proud to be part of this tradition. In 2018 alone, 3,700 hosts welcomed over 172,700 inbound guests to the Constitution State, with over 550,000 outbound guests from Connecticut residents using Airbnb to travel elsewhere in the U.S. and abroad.

The vast majority of these Connecticut hosts—62 percent of whom are women and one in four age 60 or older—are middle-class individuals and families who share their home occasionally to pay for their mortgage, medicine, and student loans, or save money for retirement or a rainy day. In fact, the typical host in Connecticut earns \$7,500 supplemental income by sharing their home for about 40 nights a year.

Furthermore, unlike other types of lodging, such as multinational hotel chains, 97 percent of revenue generated through Airbnb goes directly to our hosts, who plow it back into the local economy.

Home sharing is valuable in Connecticut's diverse municipalities-- from traditional vacation communities on the coast to cities with global research universities and picturesque small towns in the Connecticut river valley-- which welcome an influx of visitors throughout the year, from ski season to summer to the fall foliage seasons. Home sharing is a flexible way to dynamically add much-needed accommodations supply, providing visitors with an affordable accommodation option that benefits residents and local businesses alike. It thus comes as no surprise that Connecticut has a vibrant community of Airbnb hosts and guests.

Airbnb's Trust and Safety Tools

The dramatic growth of online home sharing in recent years has been driven by Airbnb's investments in innovative tools that protect hosts, guests, and neighbors in every community where we operate:

- To prevent bad actors from ever accessing our platform in the first place, each and every Airbnb reservation is scored ahead of time for risk. We have a real-time detection system that uses machine learning and predictive analytics to instantly evaluate hundreds of signals to flag and then stop any suspicious activity. When we detect potentially concerning behavior, our team takes a range of actions, including removing a user from the platform entirely.
- While no background check system is infallible, we screen all hosts and guests globally against regulatory, terrorist, and sanctions watch lists. For United States residents, we also run background checks looking for prior felony convictions, sex offender registrations, and significant misdemeanors. We are working with additional governments around the world to identify where we can do more background checks.
- Each and every person on Airbnb has a profile page with important information about themselves. In order to book or host, you must provide us a full name, date of birth, photo, phone number, payment information, and email address. Hosts can also require that guests provide Airbnb with a government ID before booking their listing, and then the host in turn is required to do so as well.
- Through the Airbnb platform, we also have a safe and easy way for guests and hosts to get to know each other directly before requesting or approving a reservation. Our secure on-platform messaging tool is there for both sides to ask each other questions before requesting or accepting a reservation and to set clear expectations — something we highly recommend doing. Additionally, our messaging tool helps hosts and guests stay in touch as needed throughout the trip to ensure everything goes well.
- Plus, we also have a global community for hosts and guests to rely on. If you're curious what previous guests have thought about your potential host or home or if you want to know what another host's experience has been with a prospective guest, all you need to

do is check their reviews. Guests and hosts publicly review each other and only do so after the reservation is complete, so you know the feedback is informed and real.

- We run home safety workshops with hosts and local fire services to equip our community with the latest advice from leading experts. We also give out free smoke and carbon monoxide detectors to hosts.
- Our secure platform ensures your money and personal information are protected. We take a number of measures to safeguard your Airbnb account, including using multi-factor authentication whenever a login is attempted from a new device.
- Fake or misrepresented users and listings have no place in our community, and we deploy a multilayer defense strategy to help ensure that these kind of scams are rare. All you need to do to protect yourself is to stay on our secure Airbnb platform throughout the entire process -- from communication, to booking, to payment.
- In the rare event that any issue should arise, Airbnb's global Customer Service and Trust and Safety teams are on call 24 hours a day, 7 days a week, in 11 different languages to help make things right with rebooking assistance, as well as refunds, reimbursements, and insurance programs. If, for instance, you arrive at a listing and it's not as advertised, all you need to do is reach out to our team and we are here to help.
- Hosts are protected by our Million Dollar Host Guarantee, which covers listings for up to \$1,000,000 USD in damage -- and it's free for all hosts and every single booking. We support HB 7177's goal of ensuring that short-term rentals in Connecticut have sufficient coverage and urge the legislature to amend the bill to recognize that insurance provided by platforms, such as Airbnb, can satisfy the host's obligation.

There have been over 400 million guest arrivals in Airbnb listings to date. In 2017, there were more than 49 million trips at Airbnb listings worldwide. Significant property damage (claims that were reimbursed under our Host Guarantee program for over \$1,000) was reported to us only 0.004% of the time. At that rate, you could host a new reservation every single day for over 63 years without expecting to file a significant property damage claim under our Host Guarantee.

- Our Host Protection Insurance provides home sharing hosts with additional protection against third party claims of property damage or bodily injury up to \$1,000,000 USD.

In addition to these tools, Airbnb believes that reasonable regulation can foster responsible short term rental activity. To that end, we've worked with hundreds of municipalities to craft rules that work for their communities. Some, such as Milford and Stonington,¹ have chosen to let

¹ <https://www.theday.com/article/20170208/NWS01/170209375>.

home sharing evolve without specific regulatory oversight, while others have imposed registration requirements or special permits for STR (Ridgefield).² As described below, HB 7177 threatens to impose a top-down regulatory regime on Connecticut's diverse cities and towns.

We also believe that short term rentals on Airbnb should be taxed like any other transient lodging. Since 2014, the company has signed voluntary collection agreements with over 400 jurisdictions around the world, including the State of Connecticut as of April 2017. These voluntary collection agreements have enabled us to collect over \$500 million to fund critical public services, including over \$5 million in the first year of collection in Connecticut.

Airbnb's Objections to the Proposed Short-Term Rental Bill

While we appreciate the fact that the Legislature has begun a regulatory conversation on short-term rental policy, this piece of legislation is overreaching and currently set up in a way to discourage any home sharing altogether, potentially negating an important source of supplemental income for 3,700 Connecticut residents. As a result, Airbnb strongly opposes its passage.

Specific concerns include the following:

- **Sharing Personally Identifiable Information (PII) With Local Governments for Tax Purposes is Intrusive and Unnecessary**

HB 7177 would require the State to share personal, identifiable information with local governments that choose to impose local transient lodging taxes on short-term rental Activity. This disclosure is intrusive and unnecessary.

Indeed, in the dozens of states where Airbnb collects transient occupancy taxes pursuant to voluntary collection agreements (VCA), Airbnb provides, upon audit, anonymized, transaction-level detail for each booking made through the platform. Anonymized data is sufficient for both reporting and audit purposes because occupancy taxes are transaction taxes -- i.e., user personally identifiable information neither triggers tax nor is it necessary in order to collect the tax.

Moreover, under current law, nothing prevents a particular municipality from creating a short-term rental registration system to track activity in their community.

- **The Proposed Neighbor Notification Raises Serious Privacy Concerns and Could Discourage Tourism**

While communication is important component of community building across Connecticut -- and indeed, around the world -- legislating how neighbors communicate

² <https://www.theridgefieldpress.com/96433/bb-hearing-draws-big-crowd-extension/>.

with each other regarding activities within their private homes raises serious privacy concerns.

The idea of forcing residents to submit to all adjacent and abutting neighbors a written log of the names and travel dates of every traveler staying at their home is deeply problematic – the most extreme of its kind seen to date in the United States – and could dissuade people from sharing their home while doing little to protect public safety.³ We oppose this deep breach of privacy on the part of both guests traveling to the great state of Connecticut and Connecticut residents themselves who share their home, and are concerned that it will have the effect of pushing travelers to spend their dollars elsewhere.

Communities succeed when neighbors connect and communicate – whether coming together over a cup of coffee on a cold winter day, or celebrating at a summer block party. What this day-to-day communication looks like will always be unique to every city, town, and block, and a top-down approach from the State is inappropriate.

- **The Proposed Night Cap Has No Rational Basis and Usurps Local Control:** The Legislature has not provided any evidence to suggest that a 90-day cap on people who are hosting short term guests in their home will improve quality of life for residents of the Constitution State. This is particularly the case given that the typical Connecticut host sharing their home did so for only four days a month last year.

Not only do caps not solve for the supposed problems with short-term rental activity, but with the multitude of STR platforms, caps are extremely difficult to enforce. As a result, few municipalities worldwide have embraced caps as part of their regulatory approach.

Moreover, HB 7177's proposed cap would usurp local control by imposing a top-down solution requiring Connecticut's diverse municipalities to all regulate STR activity in a particular way. No other state in the nation has such a statewide cap and when such a proposal was considered in New Jersey (A-4441 (2017)), it did not even see a vote.

This provision is truly a solution in search of a problem. After all, as noted earlier, Connecticut municipalities already enjoy the authority to govern short-term rentals, with several having chosen to do so, and many more opting not to impose any additional regulation.

Conclusion

As taxes and the cost of living continues to rise, Connecticut should endeavor to support efforts by working and middle class people to supplement their income in a way that benefits the

³ Notably, the Supreme Court of the United States recently struck down a Los Angeles ordinance requiring hotel operators to maintain guest records for 90 days and turn them over to law enforcement on demand. *Los Angeles v. Patel*, 576 U.S. ____ (2015).

community at large, rather than risking residents' privacy and effectively steering them away from making a little extra money by sharing their home.

Airbnb urges the Legislature to reject the proposed bill and to embrace the continued growth of responsible home sharing that brings economic opportunity to resident hosts and local small businesses.

Thank you.