



CITY OF BOSTON • MASSACHUSETTS

**OFFICE OF THE MAYOR
MARTIN J. WALSH**

April 8, 2019

TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith for your approval an order accepting the provisions granted in Massachusetts General Law (“MGL”) by Section 6 of Chapter 337 of the Acts of 2018. The provisions are for the adjustment of the City’s local room occupancy excise rate under MGL c.64G, § 3A, and acceptance of MGL c. 64G, §3D(a) and §3D(b) allowing cities and towns to impose a room occupancy excise tax and community impact fees on short-term rentals.

Currently, the state imposes a room occupancy excise tax of 5.7% on all transfers of occupancy of rooms in hotels, motels, lodging houses, and bed & breakfast establishments. In addition, the City of Boston is authorized under MGL c. 64G to impose a local room occupancy excise tax of up to 6.5% on these same accommodations.

Much has changed since 2009, the year of the most recent adjustment to the City’s local room occupancy excise, which increased the tax rate from 4% to 6%. As your Honorable Body is aware, traditional lodging accommodations in commercial properties are no longer the only option for visitors staying in Boston. In recent years, Boston and cities around the globe have experienced a surge in non-traditional short-term rental accommodations in residential dwelling units, fueled by increased access to internet platforms that connect guests directly to property owners who rent their spaces. For the past several years, we have worked together to draft and implement a comprehensive regulatory policy for these short-term rental accommodations, which your Honorable Body approved in June 2018 and which become effective as City law on January 1, 2019.

The Legislature and Governor of Massachusetts also developed and recently enacted a statewide law regulating short-term rentals. An important provision of this state law is establishing equity between traditional lodging accommodations and short-term residential rentals through consistent taxation. Under Chapter 337 of the Acts of 2018, the City of Boston is authorized to adopt three important local options: (1) a local room occupancy excise of up to 6.5% on all short-term rental stays, (2) a local Community Impact Fee of 3% on short-term rental stay in units that are professionally managed, and (3) an additional local Community Impact Fee

of 3% on short-term rental stays in what we've defined locally as Owner-Adjacent Units. These local excises and Community Impact Fees will help mitigate the potential impact of short-term rentals on our long-term housing stock, specifically via a dedicated source of funding for affordable housing and local infrastructure projects.

I urge your Honorable Body to adopt these provisions.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. J. Walsh', followed by a horizontal line extending to the right.

Martin J. Walsh
Mayor of Boston

**CITY OF BOSTON
IN CITY COUNCIL**

**AN ORDER RELATIVE TO GENERAL LAWS CHAPTER 64G, SECTION 3A; A
LOCAL OPTION ROOM OCCUPANCY EXCISE IN THE CITY OF BOSTON.**

VOTED: That the City of Boston confirm acceptance of G. L. c. 64G, § 3A, and hereby set the local excise on the transfer of occupancy of a room in a bed and breakfast establishment, hotel, lodging house, short-term rental or motel at the rate of six-and-one-half percent (6.5%) of the total amount of rent for each such occupancy.

I HEREBY CERTIFY THAT
THE FOREGOING, IF PASSED IN
THE ABOVE FORM, WILL BE IN
ACCORDANCE WITH LAW.

BY Eugene L. O'Flaherty NCO
EUGENE L. O'FLAHERTY
CORPORATION COUNSEL

**CITY OF BOSTON
IN CITY COUNCIL**

AN ORDER RELATIVE TO GENERAL LAWS CHAPTER 64G, SECTION 3D(a); A LOCAL OPTION COMMUNITY IMPACT FEE ON CERTAIN SHORT-TERM RENTALS IN THE CITY OF BOSTON.

VOTED: That the City of Boston accept G. L. c. 64G, § 3D(a) to impose a community impact fee of three percent (3%) of the total amount of rent for each transfer of occupancy of a professionally managed short-term rental unit.

I HEREBY CERTIFY THAT
THE FOREGOING, IF PASSED IN
THE ABOVE FORM, WILL BE IN
ACCORDANCE WITH LAW.

BY Eugene L. O'Flaherty NLO

EUGENE L. O'FLAHERTY
CORPORATION COUNSEL

**CITY OF BOSTON
IN CITY COUNCIL**

AN ORDER RELATIVE TO GENERAL LAWS CHAPTER 64G, SECTION 3D(b); A LOCAL OPTION COMMUNITY IMPACT FEE ON CERTAIN SHORT-TERM RENTALS IN THE CITY OF BOSTON.

VOTED: That the City of Boston accept G.L. c. 64G, § 3D(b) to impose a community impact fee of three percent (3%) of the total amount of rent for each transfer of occupancy of a short-term rental unit that is located within a two-family or three-family dwelling that includes the operator's primary residence.

I HEREBY CERTIFY THAT
THE FOREGOING, IF PASSED IN
THE ABOVE FORM, WILL BE IN
ACCORDANCE WITH LAW.
BY Eugene L. O'Flaherty NLO
EUGENE L. O'FLAHERTY
CORPORATION COUNSEL