Airbnb rentals worry LI hotels

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Mike Johnston, president of the Long Island Hospitality and Leisure Association, at Nassau Community College in Garden City on Monday, Sept. 28, 2015. (Credit: Newsday / John Paraskevas)

Some Long Island hotel owners and operators are worried about the impact that short-term rental websites such as Airbnb Inc. could have on their businesses.

During a Friday legislative roundtable hosted by a hotel industry group, the Long Island Hospitality and Leisure Association, lodging owners spoke about the challenge they faced from what they called unfair competition from Airbnb, and similar services, which pair homeowners with short-term renters looking for hotel alternatives.

Hotel operators say that Airbnb hosts who rent out spaces aren't held to the same regulations as traditional hotels and motels, which must meet building and fire safety standards, and pay sales and occupancy taxes.

"We are not asking for Airbnb to go away," Mike Johnston, president of the Long Island Hospitality and Leisure Association said Friday. "We're not afraid of competition. . . . We truly need to make sure that it's fair."

According to estimates from the New York State Hospitality and Tourism Association, Nassau and Suffolk counties lost a potential $1.5 million in taxes last year that could have been collected from short-term-rental transactions.

Airbnb said it has been trying to address the tax issue. Since last year, the San Francisco-based company has been pushing to change current state laws to allow it to collect and remit occupancy and sales taxes on behalf of host users.

The campaign, however, has met with stiff
opposition. New York City officials and hotel groups have said that taxation would only serve to legitimize what they see as illegal hotels; according to a 2010 law, it is illegal to rent out residences in the city for less than 30 days if the residence is not owner-occupied.

Through email, an Airbnb spokeswoman said the company has "asked legislators to change the law so our community can contribute at least $65 million more in tax revenue each year" to New York.

But while taxes are a concern for the Island's hotels, allowing for tax collection before enacting regulation of Airbnb rentals would be a mistake, Johnston said.

Hoteliers said they agreed. "We're looking not necessarily to put grandma out of business because she wants to rent out her spare bedroom," Jan Chesterton, president of the New York State Hospitality and Tourism Association, said last week. "It's more about leveling the playing field."

The Airbnb spokeswoman said that the company wants to work with everyone "on some sensible rules for home-sharing."

Getting a handle on the financial impact of short-term rentals on traditional hotels could prove difficult for Island business owners, said Hugo Benitez-Silva, associate professor at Stony Brook University's economics department.

How lawmakers can enforce current laws while fostering new "sharing economy" businesses will prove challenging, he said, especially when tax dollars are involved. "Do we want to regulate them the same way we regulate the old economy?" he asked.

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