Leveling the Playing Field for Rooms Tax

S.2423 Economic Development to Further Expand Earned Income Credit Tax

Summary

1. Would extend the state's 5.7 % hotel tax to short-term rentals on vacation homes and rooms rented through online companies like Airbnb.

2. The money collected by the state would be directed towards an increase in the earned income credit from 23 to 28 percent. This would deliver as much as $300 extra to over 400,000 families annually.

3. Airbnb supports the tax, and the state would leave other regulation to local municipalities.

Senator Michael J. Rodrigues led efforts to pass the Airbnb tax

Senator Michael J. Rodrigues
@SenRodrigues

Chair, Joint Committee on Revenue

The legislation was passed on
July 14, 2016

Passed in the Senate Economic Development Bill

STATUS

Sent to House

With the rapid growth of short-term rentals through Airbnb and similar companies operating as a full-time business, the Department of Revenue estimates that this measure would amount to approximately $16.7 million in additional annual revenue by 2018 when the new EITC match rate of 28 percent first would go into effect.

RESPONSE

"In a letter to legislators, Airbnb wrote how it couldn't wait to pay its fair share of taxes, something it has done in seven other states and in nearly two dozen US cities."

Shirley Leung, Boston Globe

"To ensure that we pay for targeted expansion of economic opportunities for hardworking families, we update our tax code by limiting the Earned Income Tax Credit to working families who have lived in Massachusetts during the entire tax year. We broaden the state's room occupancy excise to cover short-term transient accommodations, and embrace the rise of the innovative room sharing economy."

Senator Michael J. Rodrigues, Politico

INFOGRAPHICS