

**ECONOMIC DEVELOPMENT & ENERGY COMMITTEE MEETING  
HELD IN ROOM 318 OF THE  
PUTNAM COUNTY OFFICE BUILDING  
CARMEL, NEW YORK 10512**

**Members: Chairman Gouldman, Legislators Montgomery & Sayegh**

**Tuesday**

**February 18, 2020**

The meeting was called to order at 8:07 P.M. by Chairman Gouldman who requested that Legislator Addonizio lead in the Pledge of Allegiance. Upon roll call, Legislator Montgomery, Legislator Sayegh and Chairman Gouldman were present

**Item #3 - Approval of Minutes – December 9, 2019**

The minutes were approved as submitted.

**Item #4 - Discussion/Growing Airbnb Sector in Putnam County**

Legislator Sayegh requested that Deputy County Attorney Conrad Pasquale speak to this item.

Deputy County Attorney Pasquale stated the Airbnb matter is more of a social issue and not something that is currently being legislated. She stated Tourism Director Tracey Walsh would be better suited to speak on this topic. He added he would be most beneficial in speaking about the next item.

Tourism Director Walsh stated she was part of a lively discussion with the Cold Spring Chamber of Commerce about the Airbnb sector. She stated Cold Spring Chamber of Commerce President Eliza Starbuck is present and can speak on this.

Legislator Montgomery stated when she was notified that this item would be on the agenda, she reached out to Ms. Starbuck, Vice President of the Cold Spring Chamber of Commerce Nat Prentice, and Putnam Valley Supervisor Sam Oliverio. She stated this has been an important topic for these individuals.

Ms. Starbuck stated this has been an important topic in Cold Spring because the Village Code is currently being updated. She stated it is a polarizing topic. She stated the Chamber has organized community forums and discussions for both sides to voice their opinions. She stated the Village has also organized discussions to decide how to most appropriately write their code to support the needs of the community, as well as the economics of the region. She read the attached statement from the Cold Spring Chamber of Commerce Board.

Chairman Gouldman stated it sounds like a logical plan that the Chamber has put together.

Legislator Sayegh made a motion to waive the rules and accept the additional; Seconded by Legislator Montgomery. All in favor.

Deputy County Attorney Pasquale stated as far as using the Town of Irvington as an example, typically the County is not involved in each municipality's legislation.

Ms. Starbuck agreed that it was part of the Town Code, but they are merely saying it is an idea worth considering.

Chairman Gouldman requested that Supervisor Oliverio speak on this matter.

Supervisor Oliverio stated the Town of Putnam Valley has been studying this issue for about a year and a half. He stated the town has held three (3) different public hearings on the issue, trying to figure out how to limit the amount of Airbnbs in the community. He stated wealthy individuals are buying homes, just to rent them out. He stated it increases the prices of the houses, because the wealthy people are willing to pay. He stated a 700 square foot home on Lake Oscawana just sold for \$1.5million. He stated it is hard to prove any wrongdoings. He stated the people with the Airbnbs have threatened litigation and the threats are massive. He stated there are many residents who claim that the Airbnbs are destroying neighborhoods. He stated the Sheriff's Department has been called many times to these rentals and they do a great job with enforcement. He stated the town wanted to put in a permit process but then owners will just not tell the town they are renting. He stated enforcement is the toughest aspect. He stated people will just say they are letting a relative stay at their house. He stated this is just another added burden and it is a mess. He stated it could be a revenue producer if the permit process is successful. He stated the frustrating part is that it is outsiders buying the homes and not other residents.

Chairman Gouldman questioned if it is similar in the Town of Philipstown.

Ms. Starbuck stated it is a mixed bag. She noted that the more reasonable the fees are for permits, the more likely the homeowners are to comply. She stated suggested that is why a room tax would be more suitable. She stated Airbnb has a history with working with counties which allows them to report statistics.

Supervisor Oliverio stated when they hear there is an outsider trying to buy a home for renting purposes, they have inspectors investigate the house. He stated many communities in Europe have been destroyed by the Airbnb sector.

Legislator Sayegh stated the local zoning should take precedence and the towns should decide if they want Airbnbs. She stated with that said, the County should have some sort of a room tax to help regulate. She stated there needs to be some sort of regulation.

Chairman Gouldman questioned if there is a standard tax in the surrounding counties or if it varies.

Ms. Starbuck stated it varies and is generally between 2%-6%.

Legislator Sayegh stated and on top of that there could be a town tax.

Deputy County Attorney Pasquale stated agreed that the town could impose a tax as well.

Legislator Montgomery stated she would question how much of the County tax is going back to the municipality and how do we know that it is going back to the municipalities. She stated she would love for Philipstown to have a room tax. She stated in the past, taxes collected by the County has not gone back to the towns, so she would like for the towns to impose their own taxes to ensure they are receiving the funds.

Ms. Starbuck stated she has not seen any examples where towns and villages have a “tax”. She stated she is unsure if that is possible. She stated she believes towns can only have a permitting fee. She stated the taxing can only be done by a city, county or state.

Deputy County Attorney Pasquale stated that may be correct.

Supervisor Oliverio stated he loves the idea of a tax by the County. He stated then the towns can know where the rentals are and regulate them.

Bill Nulk, Chairman of the Putnam County IDA, stated that Airbnbs are here to stay. He stated there are various options for Airbnbs throughout Putnam County. He agreed with the idea of a tax. He stated other municipalities have specifically designated where the tax funds go to support. He stated that would be fair.

Chairman Gouldman stated he believes if a tax is moved forward, a tax should be passed along to the towns, because the towns are going to be dealing more directly with this issue. He stated the municipality can decide how to utilize the money.

Legislator Nacerino stated she supports a tax because it is the only way it can be regulated. She stated the permit process worked well in the Town of Patterson. She stated there are penalties in place if there is an Airbnb operating without a permit. She stated it is a complicated situation.

Director Walsh stated when she was looking into this matter, she found homes in Putnam Valley that are advertising they could sleep 25-30 people. She stated there are publications like Hudson Valley Magazine which are already advertising that Putnam County has a plethora of Airbnbs.

Erin Crowley, resident, questioned where people stay if there are no Airbnbs, considering there is only one (1) hotel. She questioned how many rooms are in the hotel.

Director Walsh stated there are 57 rooms.

Legislator Sayegh stated it behooves the County to look into the opportunity for tourism tax dollars. She stated she appreciates the discussion.

Legislator Nacerino stated Airbnbs are a liability for homeowners. She questioned if there is separate insurance.

Ms. Starbuck stated they need different insurance than other homeowners.

Director Walsh stated Airbnb covers the homeowner for \$1million of liability.

Legislator Nacerino stated it is scary to have complete strangers in a house you own.

IDA Chairman Nulk stated it is similar with ride-sharing services.

Supervisor Oliverio told a story of an after-wedding party that destroyed the property at an Airbnb in Putnam Valley.

Ms. Starbuck stated regular homeowners' insurance does not cover Airbnbs because the house is no longer functioning as the owner's home.

Director Walsh stated she believes if it an occupied house it is different.

Chairman Gouldman questioned if the Legislative Staff could find out what the neighboring counties are doing in regards to Airbnb.

Legislator Montgomery stated she believes the Town of Bedford banned Airbnbs.

IDA Chairman Nulk provided the information Chairman Gouldman requested.

Chairman Gouldman made a motion to waive the rules and accept the additional; Seconded by Legislator Sayegh. All in favor.

Legislator Castellano questioned if the County can write to Airbnb for the number of rentals in Putnam County.

Ms. Starbuck stated it is all public information.

Legislator Montgomery stated that is a great idea put forward by Legislator Castellano.

#### **Item #5 - Discussion/Potential Hotel Tax**

Deputy County Attorney Pasquale stated the State Constitution allows the County to be able to put a hotel tax in place, but there still needs to be State approval before moving forward. He stated first there would need to be a resolution passed which states that the County is seeking to implement the tax. He stated it would then be up to the State to approve it. He noted that this was attempted in 2012, but the resolution was vetoed. He stated there are approximately 48 counties in New York State that have passed similar resolutions. He stated 4% is the average tax rate and is what was attempted in 2012. He stated if the State approves it, then there would need to be a local law passed. He stated the burgeoning online rental business would fall under this tax. He stated there is an exemption for bungalows, but he needs to do more research on it. He stated the hotels would collect the money directly and remit it to the County. He stated this tax could address the effects of tourism and travel related lodging has on infrastructure. He stated

the burden is mostly going to be on non-residents. He stated the County can dictate how the funds are going to be used. He stated the procedure for collecting the funds would likely fall on the Finance Department. He stated an obstacle is room remarketers such as Expedia or Travelocity. He stated they are now considered the same as a hotel operator. He stated there is no statute requiring companies such as Airbnb to collect the tax, because they are technically not the hotel operators. He stated he has more research to do on this. He stated most counties have entered a "Voluntary Tax Collection Agreement" with Airbnb. He stated this is likely the route that Putnam County would take. He stated sites like Airbnb are very protective of their client's data and will not be disclosing it to the County. He stated New York City tried to pass a law to require them to disclose this information but was unsuccessful. He stated the County will essentially have to take the sites at their word, that they are paying the correct tax amount to the County. He stated he would not recommend how Ulster County is handling it. He stated they are essentially enforcing the tax collection themselves. He stated the County could reach out to sites like Airbnb to see what guarantees can be made. He stated the 2012 resolution was vetoed because on the uncertainty surrounding it and if there would be an ongoing cost to the County. He stated it was also vetoed because there was no fiscal information in the resolution.

Legislator Sayegh stated it is very prudent to have this discussion considering the new hotel is opening. She stated she appreciates all the information provided. She stated she does not want to burden businesses, but tourism does put a strain on infrastructure.

IDA Chairman Nulk stated the hotel should be ready within the next week. He noted that Danbury has a 15% hotel tax because they have no sales tax.

Deputy County Attorney Pasquale noted that the Connecticut hotel tax is 12% and Danbury adds another 3% onto it.

IDA Chairman Nulk stated Westchester County started in 1980 with a 3% tax and Dutchess County currently has a 4% tax. He also noted that New York State does not have a hotel tax statewide, though most states do.

Legislator Sayegh thanked Deputy County Attorney Pasquale for his time.

**Item #6 - FYI/Unemployment Report** – Duly Noted.

**Item #7 - Other Business** – None.

**Item #8 – Adjournment**

There being no further business, at 9:17 P.M., Chairman Gouldman made a motion to adjourn; Seconded by Legislator Montgomery. All in favor.

Respectfully submitted by Administrative Assistant Ed Gordon.