

## The New Mexico short term rental market is no longer an afterthought

*How is this impacting tourism and your community?*

With recent technology disruptions and online booking agents, the short term rental market is now a major global tourism player. Airbnb, one of these online platforms, has surpassed Marriott International (the leading hotel chain in the world according to Smith Travel Research) in the number of rentable rooms across the globe. These properties largely operate in the dark without collecting tax (Gross Receipts Tax and Lodgers Tax) or complying with public safety regulations and licensing.

Is this happening here? **YES!**

### The Findings

New Mexico Hospitality Association commissioned an independent census of the short term rental Market in New Mexico. This includes rental properties that are intended to be rented to consumers for less than 30 days.

Statewide Initial Findings:

- **4,076** number of short term rental properties
- **9,296** number of short term rental rooms
- **\$2.6 million** of potential revenue from Lodgers' Tax\*
- **\$4.3 million** of potential revenue from Gross Receipts Tax\*
- **76%** of the properties were identified as multiple properties **OWNED BY ONE OWNER**

\*Revenue projections based on an Airbnb national average 40% occupancy rate. National average occupancy rate estimate provided by Smith Travel Research (STR).

### What does this mean for NM?

#### 1. Need for Parity

Due to potentially avoiding Gross Receipts Tax and Lodgers' Tax, some of these properties can have a **12% - 15%** competitive advantage over traditional lodging establishments, depending on the GRT and Lodgers' Tax rate of the community. Even though many of these short-term rentals do not collect and contribute to Lodgers' Tax, they are benefiting from contributions to Lodgers' Tax from others that pays for marketing and promotion.

#### 2. Need for Unified Enforcement Definition

Exemption G of the state lodgers tax code is a tax loop hole for these short term rental properties. Properties with three rooms or less are exempt from the lodgers tax statute, but the definition of a 'room' is applied differently across counties and municipalities around the state.

#### 3. Need for a Statewide Solution

Removing exemption G will formalize all rental properties, streamline local enforcement efforts, and create a level playing field for the entire lodging community.