SENATE COMMITTEE ON LOCAL GOVERNMENT

Senator María Elena Durazo, Chair
2025 - 2026 Regular

Pursuant to Rule 29.10(d)

Bill No:	SB 594	**Hearing Date:**	8/26/26
Author:	Padilla	**Fiscal:**	No
Version:	8/12/26	**Consultant:**	Peterson

SHORT-TERM RENTAL FACILITATOR ACT OF 2026

Enacts the Short-Term Rental Facilitator Act of 2026, which permits Indian tribes to require short-term rental facilitators to provide specified information on short-term rentals in their jurisdiction.

Background

Transient occupancy taxes. State law allows cities and counties to levy a tax on the privilege of occupying a room or rooms, or other living space, in a hotel, inn, tourist home, motel, or other lodging unless the occupancy is for a period of more than 30 days. These taxes—commonly known as Transient Occupancy Taxes (TOTs)—are typically collected by lodging providers as an itemized charge based on a percentage of a customer's bill, who then remit proceeds to the local agency where the lodging was provided. In California, around 430 cities and 55 counties levy a TOT, mostly for general revenue purposes, at rates from 3% to over 15.5%. According to the State Controller's Office, TOTs generated over $3.3 billion in revenue for local agencies in the 2022-23 fiscal year. The state does not currently impose its own TOT.

Tribal sovereignty. California currently has 109 federally-recognized Indian tribes, with others petitioning for recognition. There are special rules that govern state and local jurisdiction for Indians and Indian Country, and federal and tribal laws may also apply. Like local governments, tribal governments can pass their own local ordinances to govern their members and their land. According to the California Attorney General:

> "Tribes possess all powers of self-government except: (1) those relinquished under treaty with the United States; (2) those that Congress has expressly extinguished; and (3) those that the federal courts have ruled are subject to existing federal law or are inconsistent with overriding national policies. Tribes, therefore, possess the right to form their own governments; to make and enforce laws, both civil and criminal; to tax; to establish and determine membership (i.e., tribal citizenship); to license and regulate activities within their jurisdiction; to zone; and to exclude persons from tribal lands.
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> "Limitations on inherent tribal powers of self-government are few, but do include the same limitations applicable to states, e.g., neither tribes nor states have the power to make war, engage in foreign relations, or print and issue currency."

Federal courts have consistently held that tribes have the power of taxation on their members and on nonmembers doing business in their jurisdiction. As such, many tribal governments impose taxes similar to those the state and local governments impose. For example, the Agua Caliente Band of Cahuilla Indians imposes a variety of taxes including possessory interest tax, sales tax, and a TOT. Their tax department collects revenue from these taxes, which goes to support tribal government, services, and programs. When a tribe seeks to enforce their ordinances, like those allowing for the imposition of these taxes, these tribal ordinances typically get enforced through tribal courts.

Short-term rentals. In recent years, internet-based platforms like Homeaway, VRBO and Airbnb have facilitated increasing numbers of short-term rentals of homes and rooms within residences. Short-term rentals, also known as vacation-rentals, are usually an individual's residential property, such as a home, room, apartment, or condominium they rent out to a visitor for fewer than 30 consecutive days. Generally, the home sharing industry involves three primary participants: (1) the short-term rental facilitator, such as Airbnb, that advertises residential properties offered for temporary rental and facilitates connecting renters with hosts for a fee, and processes payment for the rental, (2) the consumer who is often referred to as the "renter," "guest," or "visitor" of the residential property, and (3) the supplier, owner, operator, or "host" of the residential property. Short-term rentals are not a new practice, but the development of online hosting platforms, bookings, advertisements, and payments has increased. By some reports, in 2023, there were nearly 2.5 million short-term rental listings in the United States.[1]

Short-term rental effects on housing. California faces a severe housing shortage. In its most recent statewide housing plan, the Department of Housing and Community Development estimated that California needs to build an additional 170,000 units per year over recent averages of 140,000 units per year to meet the projected need for housing in the state.

Recent research has attempted to estimate the impact that short-term rentals have on the housing market. A 2020 study from the National Bureau of Economic Research found that for every 1% increase in short-term rental listings, overall rents increase by 0.018% and housing prices increase by 0.026%.[2] A 2022 study from McGill University estimates that in Los Angeles, short-term rentals have increased rents $810 per year for the average renter in Los Angeles, and took roughly 2,000 to 8,000 units per month off the longer-term rental market in Los Angeles from 2017 to 2022.[3] Other research points to similar effects in California and across the United States.

Short-term rental ordinances. Short-term rentals also present local elected officials with a new set of challenges. Short-term renters can create parking, trash, public health, and safety concerns in areas of the city that are not zoned for—and therefore less prepared for—an influx of visitors. As local agencies struggle with the impacts from the growing popularity of short-term rentals, cities and counties are adopting ordinances to regulate or to prohibit short-term rentals.

Many short-term rental ordinances include regulations on permitting, tax compliance, noise, parking, and occupancy, as well as host and platform obligations and responsibilities. For instance, many short-term rental ordinances require short-term rentals to limit the number of occupants per bedroom in the residential property and require the host to be physically present to monitor and regulate activity during the short-term rental for a specified number of days. However, short-term rental ordinances' regulations and requirements vary from jurisdiction to

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[1] https://www.airdna.co/blog/2023-short-term-rental-statistics-key-numbers-to-know
[2] Barron et al. The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb. Marketing Science. 2020. https://doi.org/10.1287/mksc.2020.1227
[3] Wachsmuth, David. The economic impacts of short-term rentals in Los Angeles. School of Urban Planning, McGill University. 2022. https://upgo.lab.mcgill.ca/publication/strs-in-los-angeles-2022/Wachsmuth_LA_2022.pdf

jurisdiction with different fine amounts and schedules and may or may not specify whether the penalty is imposed on the host, guest, or platform. Violating a short-term rental ordinance usually results in a penalty.

Short-term rentals and TOT collection. Unlike hotels and motels, local agencies have had difficulty collecting and enforcing TOT collections from short-term rental hosts, who may be unaware of requirements to collect TOT, and cities and counties may not be aware that hosts are using their properties for taxable short-term rental purposes. Platforms do not collect and remit tax in all jurisdictions in which they facilitate short-term rentals. As a result, cities and counties may not be receiving due and payable TOT revenue. Former Multistate Tax Commission Executive Director Dan Bucks estimated revenue loss from uncollected TOT for short-term rentals at $20.75 million annually for the median U.S. state,[4] a figure that should be higher for local agencies in California because of its status as a major tourism destination.

In some cases, short-term rental platforms have entered into voluntary agreements with some cities, states, and nations to collect and remit taxes on behalf of its hosts. Agreements generally allow the local agency to audit the platform instead of the operator, but preclude platforms from disclosing to local agencies information that could identify operators outside the terms of the agreement. The agreements generally state that the platform is not an operator for purposes of local ordinances or state laws, but that they will register as one for purposes of TOT collection. Either party can usually terminate the agreement without cause with 30 days' notice.

Senate Bill 346 (Durazo, 2025). SB 346 enacted the Short-term Rental Facilitator Act of 2025, which authorized a city or county to enact ordinances that require STR facilitators to provide addresses and other specified information about listed rental properties within the local agency's jurisdiction. Specifically, SB 346 requires each short-term rental facilitator to report, pursuant to a specified schedule and in the form and manner prescribed by the local agency, the physical address including nine-digit zip code of each short-term rental during the reporting period. If the information provided by the short-term rental facilitator is not sufficient for the local agency to identify a specific short-term rental at the provided address, the local agency may request the following:

- The assessor parcel number of the host property;
- The URL associated with the specific host property listing; and
- Information exclusively related to the identification of an accessory dwelling unit, guest house, or single unit of a timeshare or multifamily housing project located at a single address, which is located at the address or assessor parcel number requested.

In addition to requiring STR facilitators to provide requested information, SB 346 allows a local agency to subject any STR facilitator to an administrative fine or penalty for failing to provide the information that is requested and specifies that the local ordinance could permit the local agency to conduct an audit or otherwise examine the records of a STR facilitator.

Tribal governments report facing similar challenges to local governments when it comes to regulating STRs, including collecting information on the STRs in their jurisdiction. The Agua Caliente Band of Cahuilla Indians wants to expand the STR Facilitator Act of 2025 to tribal governments so that they can receive the same information as local agencies and enforce those ordinances in state trial courts.

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4 https://www.ahla.com/sites/default/files/bucks_report_states_localities_losing_money_on_airbnb_tax_deals_june_2019.pdf

Proposed Law

Senate Bill 594 enacts the Short-Term Rental (STR) Facilitator Act of 2026, which permits Indian tribes to require STR facilitators to provide the same information on STRs to tribal governments that the STR Facilitator Act of 2025 required them to provide to local agencies.

Comments

1. Purpose of the bill. According to the author, "Short-term rentals have become an increasingly popular lodging option throughout California, including on tribal lands. Yet while cities and counties can access the information needed to collect transient occupancy taxes on these properties, federally recognized Indian tribes are currently excluded from accessing the same information. The lack of access to this information makes it significantly more difficult for tribal governments to administer and collect their own transient occupancy taxes, which are vital to funding essential government services for the reservation community, including public safety, fire and emergency response, and tourism management. SB 594 extends existing law to ensure that federally recognized Indian tribes may receive the information required to collect these taxes on rental properties located on their tribal land, advancing California's policy of cooperative intergovernmental relations."

2. Necessary? Tribal governments generally do not rely on state law to adopt or enforce their locally enacted ordinances. However, tribal governments, including the Agua Caliente Band of Cahuilla Indians, the sponsors of this measure, report having similar challenges to those local agencies have experienced when trying to collect information on STRs within their jurisdiction. While tribal governments have the ability to adopt an STR ordinance requiring STR facilitators to disclose this information and enforce those provisions in tribal courts, this does not allow them to compel these STR facilitators to disclose this information in state court. Tribal governments believe developing consistent reporting requirements for both local and tribal governments would improve compliance with STR disclosure requirements.

3. Gut and amend. As introduced in February 2025, SB 594 made nonsubstantive changes to the California Integrated Waste Management Act of 1989. On March 24, 2025, the author amended the bill to remove those contents and insert provisions prohibiting state agencies from issuing waste discharge permits until local public hearings take place. On June 3, 2026, the author once again amended the bill to remove those contents and insert provisions regarding STR ordinances. Because this topic was never heard in the Senate, the Senate Rules Committee referred the amended bill under Senate Rule 29.10(d) to the Senate Committee on Local Government for a hearing on the Assembly's amendments. At its hearing, the Committee has four choices:

- Send the bill back to the Senate Floor, recommending concurrence;
- Send the bill back to the Senate Floor, recommending nonconcurrence;
- Send the bill back to the Senate Floor, without recommendation; or
- Hold the bill.

Assembly Actions

Assembly Local Government Committee:	10-0
Assembly Floor:	78-0

<u>Support and Opposition</u> (8/25/26)

<u>Support</u>: California Hotel & Lodging Association
City of Rancho Mirage
Tribal Alliance of Sovereign Indian Nations

<u>Opposition</u>: None Submitted

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