



This Week in State Tax (TWIST)

January 13, 2025



New York: Legislature Passes Comprehensive Short-term Rental Regulatory and Tax Scheme

Last year, New York State enacted a law governing the regulation and taxation of short-term residential rentals in the state. As defined, short-term residential rental generally means the offering for rent of all or part of a dwelling for occupancy for less than 30 consecutive days by the owner or person in lawful possession of the dwelling (termed the short-term rental host).

On the tax side, the new law broadens the definition of “hotel” for purposes of the hotel occupancy tax to include short-term residential rentals, effective April 1, 2025. The law also adds the term “booking service,” defined generally as an entity that operates an online system that can be used directly or indirectly to list or advertise offers for short-term rentals, accept offers or reserve or pay for such rentals, and charges a fee to facilitate the transaction, excluding an entity that solely lists or advertises offers for short-term residential rentals. Under the law, booking services are required to collect and remit the hotel occupancy tax on short-term rental transactions they facilitate. In addition, the new provisions amend current law to allow booking services to collect the occupancy tax on hotel rooms in lieu of the hotel operator if they present the operator with valid documentation. Finally, the law makes clear that booking services and short-term rental hosts are liable for other provisions of the state sales and use tax. The new regime does not address the administration of local government occupancy taxes.

On the regulatory side, the new law establishes standards for what may and may not be used as a short-term residential rental as well as the standards that must be maintained in operating such rentals. In addition, short-term rental hosts are required to register and receive a business license to operate. Hosts are required to maintain records with comprehensive information on each rental and to provide such information annually to the Secretary of State. It also imposes certain reporting obligations on booking services facilitating short-term residential rentals. The new regulatory system does not apply in municipalities with a comparable existing regulatory system for short-term residential rentals. For questions regarding [Chapter 672](#) (2024 Legislature), please contact [Judy Cheng](#).

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