

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION

Regulatory Analysis for
Adoption of
“Short-Term Rental
Property Registration”
230-RICR-30-20-4

July 22, 2022

Reason for Regulatory Action

Pursuant to the enactment of R.I. Gen. Laws § 42-63.1-14 (effective 1/4/2022), the Department is required to create an online registration database for short-term rental properties. § 42-63.1-14(g) authorizes the Department to promulgate rules and regulations to enforce this section and states that the Department may charge a registration fee to property owners who register with the database.

In order complete the implementation process, DBR is proposing this regulation which establishes a registration process for short-term rentals:

- Registration is by property, not property owner. Any person or entity that operates multiple properties needs to submit a registration for each separate property.
- Registrations must be submitted electronically.
- Registrations shall be terminated by the registrant when no longer subject to the enabling statute.
- Registration and Renewal fee will be \$50 for a two-year registration.
- Registrations cannot be transferred to a new registrant.
- Enforcement according to the statute will be like existing DBR procedures and in accordance with 230-RICR-10-00-2, DBR's Rules of Procedure for Administrative Hearings and the APA.

The below regulatory analysis was prepared pursuant to the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-2.9.

Regulatory Development

While drafting the proposed new regulation, the Department considered a range of alternative options, parallels to other Rhode Island regulations and policies, Departmental experience in implementation, and industry current and best practices.

Regulatory Analysis

The Department has proposed to set a fee of \$50 per registration. This is consistent with the registration fee for mobile food establishments (food trucks), which is another statewide registration program. If there is a change in registrant, the original registration shall be terminated, and the new registrant must submit a new registration should they continue to use the property as a short-term rental.

The Department gathered information from various sources to determine how many properties are currently listed as a short-term rental in RI to estimate expected revenue from this new registration fee. Note that many properties are listed on more than one third-party platform, so it is difficult to determine an accurate number.

- GovOS, a vendor that proposed to provide the state with a database system for this registration, identified 4700 short-term rental properties in RI as of March 9, 2022.

- A search of <https://www.airdna.co/vacation-rental-data/app/us> for each town in RI came up with a total of 3680 rental properties in RI as on June 10, 2022. This number has been reduced by the percentage of duplicate listings reported between AirBnB and Vrbo for each town on the Airdna.co website.
- The Rhode Island Association of Realtors (RIAR) reports that there are currently 229 active “seasonal” rental listings with 211 categorized as monthly and 15 categorized as weekly in RI MLS.

Looking at these numbers together, the Department estimates that there are approximately 4000 short-term rental properties within RI.

Of these potential 4000 properties, given the potential for inaccuracies in the data, duplicate listings on multiple platforms, and properties leaving the rental market because of this additional registration requirement, the Department anticipates that appropriately 2/3 of the 4000 properties will register with the Department in FY2023.

Costs:

Assuming there are 4000 short-term rental properties in the state of Rhode Island, the maximum cost imposed on required registrants in FY2023 would be \$200,000, although we expect it may be less. Thereafter, the costs per property every two years, once registered, would be \$50. There may be some new registrants in FY2024, for properties newly entering the short-term rental market, but we expect most of the registrations/costs to come in the odd-numbered fiscal years because it is a two-year registration. If a property is sold, then the registration must be terminated, and the new owner must submit a new registration if they choose to continue to advertise the property as a short-term rental requiring registration under the Act. There is no fee to terminate the registration.

Benefits

Some municipalities requested a statewide registration system to determine which properties in their jurisdiction were short-term rentals. This system provides the requested database to aid the municipalities.

Alternatives

Municipalities that desired to register short-term rentals could do so on a municipal basis and not require a statewide system. However, legislation was enacted in 2022 that required DBR to implement a statewide system.