

RES24-061
Testimony

MISC. COM. 127

BUDGET (BJD)

Resolution 24-61 Transient Vacation Classification Property tax Rates

Budget Meeting April 1, 2024

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Representing Self	Position Oppose	Submitted: March 28, 2024 @11:30PM

We have a STR permit which allows us to rent my condo unit throughout the year; however, we (my wife and I) consider this unit as second vacation home. We use this unit **between 3 to 6 months per year**. During the period, our unit is classified as personal use by IRS under Pub 527; therefore, we should be paying **Residential tax rates** (eg for 3 months) and **Transient Vacation tax rates** (eg. for 9 months)—and not for 12months.

In other words, City Council should consider allowing TVU owners to **prorate the TVU tax rate** based on the length of time that it is actually rented out as "**short term rental**" versus the number of days that the owner uses it as his vacation home (Residential). There is already a precedence for this treatment, as per **Federal IRS, Publication 527, Chapter #5-** "Residential Rental Property (including Rental of Vacation Homes).

Under IRS Publication 527, **Owners must report the number of Personal use** days and prorate all of the expenses, depreciation and deductible since they are **not allowed to claim expenses** while the live in their unit as vacation home.

The prorating of TVU property tax would be consistent with the Federal IRS Publication 527 tax system. Evidence of personal use can be provided via Flight tickets and Passport stamped on entry/exit country.

I trust that City Council and Council members will consider this proposal in name of fairness and justice.

Thank you for your consideration in this very important resolution.

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