



Airbnb: Generating \$2 Billion in Potential Tax Revenue for America's Cities

Airbnb is a people-to-people platform—of the people, by the people and for the people—that was created during the Great Recession to help people around the world use what is typically their greatest expense, their home, to generate supplemental income. Since our founding in 2008, Airbnb has helped families pay the bills and given travelers an affordable way to see the world. Today, Airbnb is the world’s leading community-driven hospitality company, with over 2 million listings in 34,000 cities and more than 190 countries around the globe.

In 2015, Airbnb launched the Community Compact, a document based on our core principles and informed by the lessons we’ve learned about how best to partner with cities. Communities around the world are embracing Airbnb. Cities like Paris, Amsterdam, Hamburg, Philadelphia, Nashville and San Jose are just some of the communities that have enacted fair, progressive rules for home sharing.

And at a time when cities across the U.S. are working hard to stretch every dollar, Airbnb can be a valuable partner in strengthening city economies. The Airbnb community represents a substantial source of new tax revenue for municipalities across the country. We have worked with cities around the world to establish programs to collect and remit hotel, occupancy, and tourist taxes on behalf of our hosts and guests. This report outlines the tax revenue opportunity Airbnb presents to cities in the United States, demonstrates how Airbnb strengthens city economies, and highlights the steps we have taken to partner with cities and communities to make them stronger.

Summary of Key Findings

1. Airbnb has already remitted **\$42.6 million** in hotel, tourist, and occupancy taxes to cities around the world.
2. By partnering with Airbnb to create clear tax rules for home sharing, the fifty largest cities in the United States could have

collected a total of **\$200 million** in hotel, tourist, and occupancy taxes from Airbnb in 2015.

3. The Airbnb community is growing incredibly fast, and more and more travelers are using Airbnb to see the world. But even in the extremely unlikely event that the Airbnb community remained static at its current size, this would represent a total of **\$2 billion over 10 years** in tax revenue for the fifty largest cities in the United States.

The Airbnb Community Strengthens Cities

Across the United States, the Airbnb community is making cities stronger. Airbnb is creating new economic opportunities for middle-class families that share their space and bringing travelers and new revenue to parts of cities that typically haven't benefited from tourism in the past.

At a time when economic inequality is one of the biggest challenges facing U.S. cities, Airbnb can be a valuable financial lifeline for its hosts. According to a report by former White House National Economic Advisor and Director of the National Economic Council Gene Sperling, the typical middle-income host in the United States can earn the equivalent of a 14 percent annual raise sharing the home in which they live. The report also noted that the majority of Airbnb hosts are working families who rent out their primary residence for an average of 66 days a year, and those hosts make approximately \$7,530 in supplementary income per year with just a single property.

We have issued detailed reports outlining the Airbnb community's substantial positive economic impact in Chicago, Washington, D.C., New Orleans, and Austin and recent estimates indicate that the Airbnb community will continue to generate substantial economic activity.

City	Airbnb Economic Impact (November 2014 – November 2015)
New York City	\$1.96 billion
Los Angeles	\$890 million
San Francisco	\$510 million

The Airbnb community also generates significant economic activity in neighborhoods around the United States that don't typically see significant tourism revenue. In most cities, over 75 percent of Airbnb listings are outside the main hotel districts, and typically up to 50 percent of Airbnb guest spending occurs in the neighborhoods where they stay. For example, the Airbnb community generated \$12 million in economic activity in Queens, New York, in one year. In San Francisco, Airbnb guests spent \$4.4 million at shops and restaurants in the Inner and Outer Sunset.

Airbnb guests also tend to stay longer than typical hotel guests, and spend more per trip than typical hotel guests. And more of this spending goes directly to the citizens of the city they're visiting: according to the *Economist*, Airbnb hosts receive 85% of total guest payments for their accommodations, while hotels spend just 30-35% of their revenue on local labor¹.

[Airbnb Is Committed to Partnering with Cities](#)

In 2015, Airbnb launched the Community Compact, a document based on our core principles and informed by the lessons we've learned about how best to partner with cities. In the Compact, we pledge to work to ensure that the Airbnb community pays its fair

¹ *The Economist*. "Buffet's Revenge," January 9, 2016.

share of taxes while honoring our commitment to protect our hosts' and guests' privacy. This includes partnering with cities to help with the efficient collection of hotel, occupancy, and tourist taxes in cities that have such taxes.

We've worked together with cities around the world to establish programs to collect and remit hotel, occupancy, and tourist taxes on behalf of our hosts and guests. We first began collecting and remitting these taxes in San Francisco and Portland in 2014. Since then, we have worked together with forward-thinking authorities on similar initiatives in cities and jurisdictions around the globe, including:

- Amsterdam
- Chamonix-Mont-Blanc, France
- District of Columbia
- Florida
- Illinois and Chicago, IL
- India
- Malibu, CA
- North Carolina
- Oakland, CA
- Oregon, City of Portland, OR, and Multnomah County, OR
- Palo Alto, CA
- Paris, France
- Philadelphia, PA
- Phoenix, AZ
- Rhode Island
- San Diego, CA
- San Francisco, CA
- San Jose, CA
- Santa Clara, CA
- Santa Monica, CA
- Washington State

These taxes can be a significant and important source of revenue for city governments. All told, the Airbnb community has contributed **\$42.6 million** in additional tax revenue to the more than 20 jurisdictions where we have launched this initiative. In the five largest U.S. markets where cities have partnered with us to establish this program, Airbnb is now remitting a total average of \$2.5 million per month on behalf of hosts and guests.

Contributing an Additional \$2 Billion in Tax Revenue

This tax initiative could generate substantial revenue that some cities may not be collecting today. We are eager to partner with more U.S. cities to establish this initiative and help make the most of this new economic opportunity.

According to our analysis of Airbnb booking data and local tax policies, by partnering with Airbnb to create clear tax rules for home sharing, the fifty largest cities in the U.S. would have collected a total of **\$200 million** in hotel, tourist, and occupancy taxes from Airbnb in 2015. The chart below outlines a rough estimate of the amount of revenue that selected cities could have collected in 2015:

City	Rough estimate of amount in hotel, tourist, and occupancy tax city could have collected in 2015 by partnering with Airbnb ²
Los Angeles, CA	\$23 million
Austin, TX	\$7 million
Boston, MA	\$3 million
Nashville, TN	\$3 million
Denver, CO	\$2 million

² Estimates based on Airbnb booking data in greater metropolitan areas

Markets are always fluid and economics can change over time. The Airbnb community is growing incredibly fast, and more and more travelers are using Airbnb to see the world. But even in the extremely unlikely event that the Airbnb community remained static at its current size, this would represent a total of **\$2 billion over 10 years** in additional tax revenue for the fifty largest cities in the U.S. The chart below outlines a rough estimate of the amount of revenue that selected cities could collect over ten years:

City	Rough estimate of amount in hotel, tourist, and occupancy tax that city could collect over coming decade by partnering with Airbnb ³
Los Angeles, CA	\$230 million over 10 years
Austin, TX	\$70 million over 10 years
Boston, MA	\$30 million over 10 years
Nashville, TN	\$30 million over 10 years
Denver, CO	\$20 million over 10 years

In several cities, officials have indicated the types of important projects that this revenue could support. In Los Angeles, Portland, and Redwood City, CA, city officials have proposed using this revenue to fund new affordable housing programs.

Working Together to Deliver More Revenue to More Cities

Airbnb works to implement this program in partnership with cities, but even with our team working to expand this initiative, figuring out

³ Estimates based on Airbnb booking data in greater metropolitan areas

how the different tax rules apply can be a challenge and putting this program in place isn't a matter of merely flipping a switch. In at least one jurisdiction -- New York -- Airbnb cannot collect and remit these taxes unless lawmakers amend local tax rules. We have asked New York lawmakers to change these laws. We are also reaching out to city and state leaders and are eager to work with them to expand this program. Community leaders interested in working with Airbnb to implement this initiative in their hometown can reach out to Airbnb by emailing taxfacts@airbnb.com.

We look forward to working with city officials to establish programs for collecting and remitting tourist taxes, strengthening the cities and communities that Airbnb hosts call home.