



Testimony of Andrew L. Kalloch, Public Policy, Airbnb
Committee on Tourism and Recreational Development
Pennsylvania General Assembly
In Opposition to HB 1810 (Rep. Heffley)
Monday, April 9, 2018

Good morning. My name is Andrew Kalloch and I work in Public Policy for Airbnb.

In November 2015, Airbnb issued its global Community Compact, declaring that Airbnb is committed to paying its fair share of taxes--including the efficient collection of tourist and/or hotel taxes in cities that have such taxes--while honoring our commitment to protect our hosts' and guests' privacy.¹

As a result, we oppose HB 1810, which threatens to undermine Airbnb's effective, efficient collection of state and local taxes in the Keystone State by demanding the disclosure of personally identifiable information (PII) without proper legal process.

Since 2014, Airbnb has signed over 350 voluntary collection agreements (VCA) with state, county, and municipal governments, collecting and remitting over \$500 million in revenue to support core public services.

Here in Pennsylvania, Airbnb has been collecting and remitting state, county, and municipal taxes for several years pursuant to VCAs. The table below highlights taxes collected and remitted to a number of jurisdictions in Pennsylvania, including the State.

Jurisdiction	Date Collection Began	Taxes Collected & Remitted, CY 2017	Taxes Collected & Remitted All-Time
State of Pennsylvania	7/1/2016	\$4.9 million	\$6.7 million
City of Philadelphia	7/1/2015	\$2.5 million	\$5.1 million
Allegheny County	7/1/2016	\$612,000	\$821,000
Other Counties²	1/1/2017 ³	\$37,000	\$38,000
TOTAL		\$8,049,000	\$12,659,000

¹ <https://www.airbnbaction.com/wp-content/uploads/2015/11/Airbnb-Community-Compact.pdf>

² Airbnb is also collecting and remitting county taxes in Butler, Lackawanna, Lehigh, and Luzerne Counties and is currently engaged in negotiations with additional counties in the Keystone State.

³ Butler County's VCA went into effect on 12/1/2016.

Through the VCA, Airbnb steps into the shoes of our hosts for tax collection, remittance, and reporting purposes for all transactions that flow through the Airbnb platform. On audit,⁴ Airbnb provides anonymized, transaction-level detail for each booking made through the platform. Anonymized data is sufficient for both reporting and audit purposes because occupancy taxes⁵ are transaction taxes -- i.e., user personally identifiable information neither triggers tax nor is it necessary in order to collect the tax.

During an audit, there are ways to verify the accuracy and completeness of the data that don't involve disclosing user PII, since such disclosure is not necessary for this type of tax. Moreover, when Airbnb collects tax in a jurisdiction, it collects tax on all listings within that jurisdiction. Hosts do not have the option to "opt in" or "opt out" of collection; once a VCA is in place, tax is collected on all transactions flowing through the platform, for all listings within that jurisdiction. Through the VCA, Airbnb takes on the legal and financial responsibility of collecting and remitting the tax, so multiple steps are made in advance of starting collection in any jurisdiction to get it right.

Airbnb is not only concerned that HB 1810 will undermine our hosts' privacy, but also that it will interfere with our industry-leading VCAs, potentially exposing our hosts to the burden of individual tax collection and remittance and reducing compliance with state and local tax laws.

Airbnb has been a leader in tax collection. While several of our competitors do not collect and remit taxes on their platforms, leaving complicated tax issues in the hands of individual hosts who may struggle to understand their various obligations, our VCAs place the tax collection and remittance obligation on Airbnb.⁶ This model helps to promote compliance on all transactions through the Airbnb platform, while protecting and respecting the privacy of our local hosts.

In addition, to the concerns outlined above, HB 1810 raises concerns about compliance with federal, platform liability, and privacy laws because it requires platforms to turn over host data.

The Stored Communications Act ("SCA") governs "access to stored communications and records."⁷ In order to comply with the SCA, entities like Airbnb that provide users the

⁴ If a tax jurisdiction independently audits a Host who has completed bookings through the Airbnb platform, that Host has sufficient tools and information on the Airbnb platform to verify with the tax jurisdiction that such taxes have been collected, remitted, and reported by Airbnb.

⁵ Including the state Sales Tax that Airbnb collects, which applies to accommodations.

⁶ <https://help.homeaway.com/articles/What-is-lodging-tax>.

⁷ *United States v. Steiger*, 318 F.3d 1039, 1047 (11th Cir. 2003).

ability to “send or receive wire or electronic communications” and that store such communications cannot disclose user data without the appropriate process.⁸ The SCA requires that governmental entities use an administrative subpoena to obtain basic user information (such as name, address, telephone number, and so forth), and get a court order to obtain any information more detailed than that (such as detailed rental activity).⁹

Airbnb’s Community in Pennsylvania

Last year alone, 12,800 Pennsylvania hosts welcomed nearly 680,000 inbound guest arrivals—a 66 percent rise from 2016. In addition, 1.1 million outbound guests from the state used Airbnb to travel domestically and abroad.

The vast majority of Keystone State hosts are middle class Pennsylvanians who share their homes occasionally to pay for their mortgage, medicine, and student loans, or save money for retirement or a rainy day.¹⁰ In fact, last year, the typical host shared their home for about three days a month, bringing in \$5,200 to help make ends meet.

With Airbnb, visiting families can access an alternative way to travel — one that delivers economic benefits not only through the income earned by hosts, but also via the money guests spend at local businesses near their listings.

Airbnb’s growth has been driven by investments in innovative tools that build trust and security by protecting hosts, guests, and neighbors:

- To prevent bad actors from ever accessing our platform in the first place, each and every Airbnb reservation is scored ahead of time for risk. We have a real-time detection system that uses machine learning and predictive analytics to instantly evaluate hundreds of signals to flag and then stop any suspicious activity. When we detect potentially concerning behavior, our team takes a range of actions, including removing a user from the platform entirely.
- While no background check system is infallible, we screen all hosts and guests globally against regulatory, terrorist, and sanctions watch lists. For United States residents, we also run background checks looking for prior felony convictions, sex

⁸ 18 U.S.C. §§ 2510(15), 2711(1)–(2).

⁹ See *id.* §§ 2702(a)(3), 2703(c); *United States v. Davis*, 785 F.3d 498, 505–06 (11th Cir. 2015) (en banc).

¹⁰ In a 2016 survey, 55 percent of Pennsylvania hosts reported that they used Airbnb to help afford to stay in their home.

offender registrations, and significant misdemeanors. We are working with additional governments around the world to identify where we can do more background checks.

- Each and every person on Airbnb has a profile page with important information about themselves and their home. In order to book or host, you must provide us a full name, date of birth, photo, phone number, payment information, and email address. Hosts can also require that guests provide Airbnb with a government ID before booking their listing, and then the host in turn is required to do so as well.
- Through the Airbnb platform, we also have a safe and easy way for guests and hosts to get to know each other directly before requesting or approving a reservation. Our secure on-platform messaging tool is there for both sides to ask each other questions before requesting or accepting a reservation and to set clear expectations — something we highly recommend doing. Additionally, our messaging tool helps hosts and guests stay in touch as needed throughout the trip to ensure everything goes well.
- Plus, we also have a global community for hosts and guests to rely on. If you're curious what previous guests have thought about your potential host or home or if you want to know what another host's experience has been with a prospective guest, all you need to do is check their reviews. Guests and hosts publicly review each other and only do so after the reservation is complete, so you know the feedback is informed and real.
- We run home safety workshops with hosts and local fire services to equip our community with the latest advice from leading experts. We also give out free smoke and carbon monoxide detectors to hosts and provide online safety cards containing important information —such as emergency phone numbers, locations of fire extinguishers, and fire alarms, as well as emergency exit routes—so guests know what to do if there is an emergency.
- Our secure platform ensures your money and personal information are protected. We take a number of measures to safeguard your Airbnb account, including using multi-factor authentication whenever a login is attempted from a new device.
- Fake or misrepresented users and listings have no place in our community, and we deploy a multilayer defense strategy to help ensure that these kind of scams

are rare. All you need to do to protect yourself is to stay on our secure Airbnb platform throughout the entire process -- from communication, to booking, to payment. The good news is that these sorts of scams are rare, thanks in large part to the multilayer defense strategy we deploy to prevent bad actors from taking advantage of our community in the first place, leveraging sophisticated machine learning technology.

- In the rare event that any issue should arise, Airbnb's global Customer Service and Trust and Safety teams are on call 24 hours a day, 7 days a week, in 11 different languages to help make things right with rebooking assistance, as well as refunds, reimbursements, and insurance programs. If, for instance, you arrive at a listing and it's not as advertised, all you need to do is reach out to our team and we are here to help.
- Hosts can rest assured that they are protected by our Million Dollar Host Guarantee, which covers listings for up to \$1,000,000 USD in damage -- and it's free for all hosts and every single booking.

There have been over 300 million guest arrivals in Airbnb listings to date. In 2017, there were more than 49 million trips at Airbnb listings worldwide. Significant property damage (claims that were reimbursed under our Host Guarantee program for over \$1,000) was reported to us only 0.004% of the time. At that rate, you could host a new reservation every single day for over 63 years without expecting to file a significant property damage claim under our Host Guarantee.

- Our Host Protection Insurance provides home sharing hosts with additional protection against third party claims of property damage or bodily injury up to \$1,000,000 USD.
- We want to do everything we can to help our community members be good neighbors in the places they too call home, which is why we launched our Neighbor Tool. Anyone can go to airbnb.com/neighbors to share specific concerns they might have about a listing in their community. Hosting is a big responsibility and those who repeatedly fail to meet our standards and expectations will be subject to suspension or removal.

Conclusion

We urge this committee to reject HB 1810 as written and to amend the legislation to protect the sensitive, personal information of short-term rental hosts, while ensuring that short-term rental taxes continue to be collected and remitted in an efficient, timely manner.

Thank you.