

BILL ANALYSIS

Senate Research Center
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S.B. 451
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently in Texas, the regulation of residential property for short-term rentals (STRs), usually provided by various online peer-to-peer platforms, is regulated at the local municipal level. As a result, local jurisdictions have created an inconsistent patchwork of rules and regulations across the state of Texas, causing confusion, barriers to participation in Texas' tourism industry, and economic uncertainty.

STRs are an increasingly popular lodging choice for travelers in Texas. Estimates show that in 2015, spending by visitors staying in STRs sustained a total impact of \$1.5 billion in economic activity and supported the creation of 16,000 permanent jobs in the state's economy (source: TXP, an economic analysis and public policy consulting firm). Over the last several years, STR growth has accompanied hotel revenue and occupancy growth, proving STRs as a complementary service to the state's overall travel and tourism industry.

This bill accomplishes the following:

- Defines "short-term rental" as residential property rented for less than 30 days.
- Prohibits local municipalities and counties from outright or effectively banning a homeowners right to lease their property for periods of less than 30 days.
- Confirms that local lawmakers maintain responsibility for setting residential zoning restrictions and enacting local laws to protect the health and safety of their citizens.
- This bill does not apply to private entities such as property owners' associations.

As proposed, S.B. 451 amends current law relating to regulation of short-term rentals by municipalities and counties.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 250, Local Government Code, as follows:

Sec. 250.008. REGULATION OF SHORT-TERM RENTALS. (a) Defines "local law" and "short-term rental."

(b) Prohibits a municipality or county from adopting or enforcing a local law that expressly or effectively prohibits the use of a property as a short-term rental (STR). Prohibits, except as provided by this section, a municipality or county from adopting or enforcing a local law that restricts the use of or otherwise regulates an STR based on the STR's classification, use, or occupancy.

(c) Authorizes a municipality or county to adopt or enforce a local law that specifically regulates property used as an STR only if the county or municipality demonstrates that the local law's primary purpose is to protect the public's health and safety. Provides that local laws authorized by this subsection include regulations addressing certain matters and requiring the designation of an emergency contact for the property.

(d) Authorizes a municipality or county to adopt or to enforce a local law that limits or prohibits the use of an STR only if the law limits or prohibits the use of a rental for the purpose of housing sex offenders, operating a structure sober living home or similar enterprise, selling illegal drugs, selling alcohol or another activity that requires a permit or license under the Alcoholic Beverage Code, or operating as a sexually oriented business.

(e) Requires a municipality or county to apply a local law regulating land use to an STR in the same manner as another similar property. Provides that a local law described by this subsection includes regulations on residential use and other zoning matters, noise, property maintenance, and nuisance.

(f) Prohibits this section from being construed to affect regulations of a private entity, including a property owners' association as defined by Section 204.004 (Property Owners' Association), Property Code.

SECTION 2. Effective date: September 1, 2017.