

**Resolution 2022-001**

*(A) Resolution recognizing the impacts of short-term rental units on local communities and encouraging state policymakers to return regulatory authority to local government leaders.*

*(B) We, the members of the Utah League of Cities and Towns find:*

- 1. Whereas** Utah's five national parks, world class skiing and outdoor recreation, cultural history, and scenic beauty attract millions of visitors to the state each year;
- 2. Whereas** Tourism is a critical component of Utah's economy, but policies should balance the needs of visitors with those of residents;
- 3. Whereas** ULCT contracted with the Kem C. Gardner Policy institute to study the quantity of short-term rental units operating in Utah. The report, published in June of 2022, found that year-round short-term rental listings in Utah grew by 26.8% to 18,743 in two years (2019 – 2021)<sup>1</sup>;
- 4. Whereas** that same report found that short-term rentals are concentrated in select counties but can be found in communities throughout the State;
- 5. Whereas** municipalities in Utah have observed a correlation between increases in short-term rental units and decreases in housing availability;
- 6. Whereas** some municipalities have also observed short-term rentals displacing retail shops, galleries, and restaurants thereby reducing the diversity of businesses in those communities;
- 7. Whereas** local government land use authority is a critical component of local government and balances property rights with infrastructure needs;
- 8. Whereas** Resolution 2018-004 was adopted by the ULCT membership in September of 2018. In this resolution, ULCT members addressed Utah's housing shortage and price increases. In years since, the housing gap has decreased from 56,000 to 31,000 residential units. While significant progress has been made to address the housing shortage, it is inhibited by the growing conversion of housing units to commercial properties (short-term rentals);
- 9. Whereas** state law entrusts local government leaders with preserving the health, safety, and welfare for residents and visitors within their communities;
- 10. Whereas** short-term rentals can have demonstrable impacts on residential neighborhoods;
- 11. Whereas** a high volume of short-term rentals within a neighborhood result in a reduction of full-time residents who are invested in a community which often results in excessive noise, parking shortages, and trespassing;
- 12. Whereas** numerous state laws have made reasonable enforcement of local short-term regulations exceedingly difficult and costly. These include limitations and outright restrictions on code enforcement, business license fees, and using listing website advertisements for enforcement. By extension, it is difficult to

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<sup>1</sup> Dejan Eskic, Short-Term-Rental Inventory, June 2022 Policy Brief, <https://gardner.utah.edu/wp-content/uploads/ShortTermRent-PB-Jun2022.pdf?x71849>

enforce land use ordinances and ensure compliance with state and local tax law<sup>2</sup> The cumulative effect of these policies has created logistical hurdles and a strong chilling effect on local government's oversight of short-term rentals;

**13. Whereas** a ULCT workgroup has met for two years to dissect the issue of short-term rentals. The workgroup adopted the following short-term rental policy principles:

- i. Impact on housing availability: Policies should maximize the availability of long-term housing units, by removing the structural disincentive (competitive disadvantage) for long-term rental uses,
- ii. Tax equity: Policies should level the playing field between legal overnight rentals (allowed/permitted short-term rentals, hotels, bed and breakfasts, etc.) and illegally operating overnight rentals including the collection and remittance to the state and local governments of existing sales and tourism taxes,
- iii. Quality communities (tools to ensure the health, safety, and welfare of residents and visitors), and
- iv. Neighborhood preservation/sense of community: Policies should minimize the impacts of illegal short-term rentals on neighboring property owners and the broader community;

**14. Whereas** community leaders understand their communities and are best situated to balance the needs of residents, visitors, and local businesses;

**15. Whereas** ULCT members recognize the value short-term rentals provide to the tourism accommodations inventory in their communities. And benefits some homeowners with additional income;

**16. Whereas** ULCT members also recognize the economic opportunity and tax revenue potential of short-term rental units.

*(C) Therefore, we, the members of the Utah League of Cities and Towns resolve:*

1. state lawmakers should reduce or remove the special restrictions on municipalities pertaining to short-term rentals within their jurisdictions, so that local governments may determine the land use policies that best fit their respective communities;
2. state lawmakers should allow local governments to use the policy tools that are most cost effective and provide balance for their communities;
3. state lawmakers should reduce or remove state law that incentivizes short-term rentals at the expense of housing availability;
4. state and local lawmakers should create a level regulatory playing field on taxes, health, safety, and welfare for short-term rental owners and other property owners and businesses;
5. local governments commit to working with stakeholders to adopt policies that balance the needs of all residents and businesses in their respective communities;

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<sup>2</sup> These provisions include, but are not limited to, Utah Code Annotated 10-8-85.4, 10-3-703(1)(b), 10-3-703(4), 10-1-203(5)(c), and 10-1-203(7)(b).

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Adopted October 7, 2022

6. State and local governments should continue to ensure that short-term rental businesses are properly paying all appropriate taxes and licensure fees in their jurisdictions

**- Submitted by the Short-term Rental LPC Workgroup.**