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# SCOTT ALLEN

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REPRESENTATIVE • 97<sup>TH</sup> ASSEMBLY DISTRICT

10 December 15

## Testimony on AB 583

Thank you Chairman Jagler for scheduling this hearing on this important property rights bill. Thank you committee members for your consideration.

We all care about the economy of the State of Wisconsin. Property rights are the bedrock of our economy.

I authored this bill because I believe that homeowners have a fundamental right to rent out their own homes on a temporary basis if their circumstances require them to do so or as a means to make owning a second home more affordable.

In recent years some families have faced financial circumstances such that they have had to accept short term employment in another state in order to make ends meet and yet had no desire to leave Wisconsin. There are also military families that may have had a short term call of duty in another part of the country or the world where a temporary relocation was necessary and yet they still called Wisconsin home.

In both of these scenarios, I believe, it is important for us to make sure that they have the ability to retain their homestead here in Wisconsin and not be forced to sell because their local government would not allow them to rent their property.

Furthermore, many Wisconsin families have long traditions of owning second homes in more rural areas or on many of Wisconsin's lakes or rivers. For those families and even younger generations who may be interested in purchasing second homes, the ability to rent those properties when they are not using them may make the acquisition of the second home more attainable.

It is appropriate for a local unit of government to regulate rentals to a reasonable extent to protect the quality of life within their community. It is, in my opinion, unreasonable and inappropriate for a community to ban rentals altogether. State law should protect the ability of every homeowner to rent their home for a week or longer. That is what this bill does.

Some people have asked me about the circumstances of a condo or homeowners association prohibiting rentals. To clarify, this bill does not prohibit that. In that case, the homeowner

makes a covenant with the association that allows for the prohibition, in essence, they do so by choice.

This bill will help support demand for housing in Wisconsin. It will make it clear to those families who need to relocate out of Wisconsin, that we want them to come back, and it will give them the means to do so. It will also encourage people to consider purchasing a second home here in Wisconsin and make Wisconsin their annual vacation destination.

Mr. Chairman and committee members, I ask for your support for this bill.



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To: Assembly Committee on Housing and Real Estate  
From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities  
Date: December 10, 2015  
**Re: AB 583, Prohibiting a Municipality from Prohibiting Homeowners from Renting out their Homes for 7 days or longer**

The League of Wisconsin Municipalities strongly opposes AB 583, prohibiting any municipality from prohibiting, regulating the duration or frequency of, or unreasonably restricting the rental of a residential dwelling for seven consecutive days or longer. This bill eliminates the ability of local elected officials to make local policy decisions designed to preserve the unique character and fabric of their community and to address the concerns of their constituent homeowners over traffic, parking and noise issues caused by short term renters.

Many communities include provisions in their zoning ordinances that prohibit a homeowner from renting their home for less than 30 consecutive days. Such restrictions are designed to address homeowner concerns about their neighbors renting their home or extra bedrooms for short periods of time and causing traffic, parking, and noise problems in the neighborhood.

Some communities believe that single-family homes in residential neighborhoods were meant to be used as a home, not a commercial enterprise. A homeowner renting or leasing their home to someone to be used as a home for a long period of time is often allowed, but such contractual agreements are not the same as day to day commercial activity that is potentially disruptive in a residential neighborhood.

The League opposes AB 583 as too severely interfering with the ability of municipalities to regulate short-term home rentals. We urge you to not recommend passage of AB 583. Thanks for considering our comments.



December 10, 2015

Wisconsin State Assembly  
Housing and Real Estate Committee  
Wisconsin State Capitol  
2 East Main St.  
Madison, WI 53703

Dear Chairman Jagler, Vice-Chairman Allen, and Members of the Assembly  
Committee on Housing and Real Estate:

The Travel Technology Association is the trade association for online travel companies, global distribution systems and short-term rental platforms. Our members include well-know short-term rental companies such as Homeaway, TripAdvisor/FlipKey and Airbnb.

On behalf of the world's leading short-term rental providers, I write to you today in support of Assembly Bill 583, which recognizes the value of short-term rentals to both travelers and the local communities they visit. Increasingly, travelers are looking for short-term rental accommodations that provide flexible housing options and allow them to spend longer periods of time in communities, in a unique setting, all while contributing to the local economy. As such, municipalities should embrace this economic opportunity by working with industry stakeholders to establish a reasonable framework for regulating short-term rental activity so that all may benefit. AB 583 is a powerful and positive step forward that will help facilitate that discussion, benefitting homeowners, travelers, and communities across Wisconsin.

Short-term rental technology companies have created a vibrant marketplace for travelers and property owners, expanding the travel landscape by offering alternative accommodations and providing economic benefits to communities around the world. As the Committee considers this "Right to Rent" legislation, it is important to recognize the value of short-term rentals, and we urge you to support this policy that allows both travelers and residents the ability to benefit from the options and flexibility that short-term rentals provide.

We are hopeful that the committee recognizes the positive impact that this legislation would have throughout the state. And we would ask that the Committee show its support for Wisconsin homeowners and travelers by ensuring that short-term and vacation rentals are available as overnight accommodations in the future. With that in mind, we recognize the value of AB 583, but also believe the bill should further support Wisconsin's tourism economy by prohibiting municipalities from restricting the ability of homeowners to rent their home for a period of one day or longer. The current draft prohibits municipalities from restricting the ability of



homeowners to rent out their home for seven days or longer. As the average stay for a short term rental traveler is 6.2 nights, continuing to afford these visitors the flexibility they desire by reducing the seven day provision to one day would enable the state and communities to realize the full potential of the economic benefit of short-term rentals in Wisconsin.

Throughout Wisconsin, homeowners, hosts, and property managers currently offer residential accommodations to travelers looking for unique travel options. And as a result, many travelers looking for that authentic and special experience choose short-term rentals for their stay. This accommodations option often allows them to book longer stays that result in increased economic benefits to both the state and the local community. In fact, studies prove that travelers staying in short-term rentals tend to stay longer and spend more money during their visit.

Furthermore, the ability to select a short-term rental when traveling is in fact the determining factor in how certain segments of the travel population choose their destination. Some, such as large families, travelers on a budget, or parents traveling with children who have special needs, will often select their destination based upon the ability to book a short-term rental for their stay. Given the growth in popularity, and the tremendous benefits of the industry, this legislation is an important opportunity for Wisconsin's travel and tourism industry.

We are hopeful that the committee recognizes the positive impact that this legislation would have and respectfully request your support for Wisconsin travel by ensuring that short-term and vacation rentals are available for travelers as alternative overnight accommodations in the future.

The Travel Technology Association is available to the Committee as a resource as you continue to develop short-term rental policy. We look forward to having the opportunity to work with you.

Sincerely

A handwritten signature in black ink, appearing to read "Steve Shur".

Steve Shur, President  
The Travel Technology Association



*formerly the  
Wisconsin Innkeepers Association*

Serving the lodging  
industry for more than  
100 years

December 10, 2015

To: Assembly Committee on Housing and Real Estate  
Representative John Jagler, Chairman

From: Trisha A. Pugal, CAE  
President, CEO

RE: Opposition to AB 583 Residential Dwelling Rentals

On behalf of over 700 lodging properties of all sizes throughout Wisconsin, we are asking you to oppose AB 583 as it stands.

Our organization and industry welcomes competition from those renting lodging to the general public. We also understand the unique circumstances for those renting their homes as an occasional source of revenue, which may warrant separate regulations. However, we feel that this bill will create numerous challenges as written, including:

- There is a considerable difference between an owner renting out their primary residence on occasion and an owner investing in a property that is not their primary residence that is intended for public rental. Rentals of investment properties are commercial transactions very similar to licensed lodging properties rentals of rooms or units, and therefore should be treated the same.
- While this bill offers options for municipalities or counties such as inspections, fees for inspections, charging local room tax, permit fees, and nuisance ordinances, this is at the will of the municipality, which will create a patchwork of requirements around the state.
- The definition of "residential dwelling" is broad, especially allowing that it may just be "intended" to be used for human habitation. When creating an exemption from state licensing, regulations, and inspections, it is important that the definition be more narrow than broad to avoid making it easy to bypass safety and liability regulations and compliance. As this directly impacts the lodging industry in the state, we would be interested in providing some ideas on what could be more justified in establishing a special exception to normal lodging property requirements.
- We are not aware of any method that could reasonably ensure that a property is only renting to the public for periods of at least 7 days, which would make abuse of the language too simple.

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- If the purpose of this legislation is to provide for an easier method for homeowners to rent out their own home or a room in their home on occasion, such as for a PGA event in the area or other large local event that exceeds available licensed lodging options, then it would make more sense to more narrowly create unique regulations for this that do not expand the opportunity to by-pass what every other commercial lodging property must adhere to, such as safety basics, adhering to local zoning regulations, uniform inspections, etc.
- This bill does not address the obligation to collect and remit state and county sales tax revenue, and makes the remittance of local room tax an option subject to the municipality.

With the expansion of online reservation sites such as Airbnb and other sites listing numerous unlicensed properties choosing to rent to the public without adhering to state and local laws, it is imperative that legislation be appropriately targeted only to those rentals that are truly justified in receiving special waivers when renting lodging to the public. It is our state's reputation that is at stake if there are unsafe conditions or if the travelers have negative experiences in our communities after the tourism industry has invested so much in drawing them to the community and our state. This does not just impact one owner or one traveller... this sets a precedent for another type of business transaction in our state that should be carefully crafted to only exempt a unique faction of lodging.

We would be happy to meet with appropriate parties to more carefully craft any exceptions to lodging laws. In the interim, we ask that you oppose this bill as it stands.

CC: WH&LA Board of Directors  
Kathi Kilgore, Contract Lobbyist

My name is Tom Keefe.

My address is 918 Juneau Street in Fontana, Wisconsin.

I am here to speak in support of the Right to Rent Bill.

Thank you for listening to my testimony today.

I am Vice President of Keefe & Associates, located in Lake Geneva, WI in Walworth County.

In addition to operating the area's largest real estate brokerage, we also operate Southeastern Wisconsin's largest vacation rental management company, Keefe Vacation Rentals.

We manage roughly 70 properties in Walworth & Kenosha Counties.

I have now spent 2 years testifying in support of fair and reasonable right to rent regulations.

From town meetings in the farmlands of Darien, Wisconsin, to dozens of County Zoning and County Board hearings, I have tried to convey a straight forward message in regards to this complicated issue.

What was once a cottage industry has transformed into a multi-billion dollar tourism industry.

The internet and innovative platforms such as homeaway, VRBO and Airbnb have created an active online marketplace where homeowners and travelers looking for home rentals can easily find each other, meet, and make arrangements.

This segment of the tourism industry is growing rapidly, driven by the demand of travelers. Instead of effectively banning this practice, we need to build a framework to enable it to function for the benefit of property owners, travelers, and for our local economies and job market.

We understand and share the concerns of our neighbors. As a real estate broker with over 70 years of history in our local community, we are fiercely protective of maintaining the quality of life of our community.

To this end, we created the Walworth County Good Neighbors Association. Our mission is to:

- a) Preserve the rights of homeowners to rent their properties to responsible renters seeking short term rental options
- b) Recognize our responsibility to respect neighbors' right to quiet enjoyment of their home and neighborhood
- c) Sustain the economic benefits that accrue to the homeowners, local businesses, and local governments from short-term rentals

Our company has had 1 complaint over the past 10 years out of thousands of nights of stays. We know this can work with proper framework.

As a professional management company, we support the bill proposed today. Furthermore, we are in favor of the many available mechanisms that communities around the country have put in place to responsibly regulate short term rentals, such as local and state inspections, license fees, room taxes and more.

In the absence of a framework, this practice WILL be driven underground, will be impossible to police, and local governments will not collect room tax.

However, with pragmatic, forward thinking regulation, this practice can be responsibly managed, can work harmoniously with neighbors, and will provide a substantial economic benefit to homeowners, local businesses, and local and state governments.

To give you an idea of some numbers, I'd like to share projections we made assuming this regulation was put in place in Walworth County.

By using a 2014 survey by Longwoods International and Tourism Economics, and cited by the Wisconsin Department of Tourism, and data we pulled from our operation, we estimate that short-term rentals would result in:

- Over \$17M in revenue to Walworth County through tourism spending
- Over 850K in additional state revenue from the collection of State Sales (?) Tax
- Over 600K in additional tax revenue for Walworth County from room tax, assuming a 5% rate

Based on conversations with thousands of travelers, we know that they demand this lodging option when planning vacations and that they will go elsewhere if they cannot find a home rental.

We also know that the travelers are fully prepared to pay room tax and that owners are eager to abide by clearly communicated and set room tax requirements.

Thank you for your time. We look forward to see the State of Wisconsin take a leading role in enacting fair and reasonable regulations to allow this growing industry to operate, while protecting the rights of homeowners and their neighbors, the safety of travelers, and promoting additional revenue and jobs to our local and state economies.



## Memorandum

**To:** All Legislators  
**From:** Tom Larson, Senior Vice President of Legal and Public Affairs  
**Date:** December 10, 2015  
**Re:** Protecting the Ability of Homeowners to Rent Their Homes – AB 583

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The Wisconsin REALTORS® Association supports AB 583, legislation that seeks to protect the rights of homeowners to rent their homes by prohibiting local governments from adopting or enforcing ordinances that ban or unreasonably restrict home rentals for 7 days or longer.

### **Background**

Thousands of Wisconsin homeowners choose to rent out their homes every year. Some rent their homes when they must move away on a temporary basis for work, school or military duty. Others purchase homes in popular vacation areas for investment purposes and rent them out to tourists who travel to Wisconsin for vacation. During the downturn in the real estate market, many homeowners had to rent out their homes, rather than sell them at significant losses.

Local regulations, however, are making it more difficult and, in some cases, impossible for homeowners to rent out their homes. In fact, a growing number of communities are banning all rentals of single-family homes for less than 30 days.

### **Impact on Homeowners and the Real Estate Market**

Prohibiting homeowners from renting out their homes is harmful to Wisconsin families, homeowners and the real estate industry for the following reasons:

+ **Negative impact on second-home markets** -- Many people have purchased second homes as an investment, with the intention of renting them out on a seasonal basis to generate income or to help pay for ownership costs. Banning the rental of homes by ordinance undermines the investment-backed expectations of these homeowners and prevents them from using the property for the primary purpose for which they purchased it. Moreover, without the ability to rent, prospective homebuyers may be less likely to purchase homes in these areas, which could negatively impact the prices and/or marketability of these homes.

+ **Increase in foreclosures** -- Many homeowners who didn't intend to rent out their homes were forced to do so during the downturn in the economy. Renting out their homes provided these homeowners with a necessary income source to provide for their family and avoid

foreclosure. Prohibiting these homeowners from renting their homes cuts off a major income stream and could result in a greater number of foreclosures

+ **Greater difficulty obtaining financing** – Obtaining financing to purchase or refinance real estate has become more difficult. Appraisers and loan underwriters are scrutinizing more closely all conditions that could affect the value of the property, including local ordinances. Ordinances which prohibit the rental of homes could negatively impact the value and thus the ability to obtain financing for these homes.

+ **Hurts tourism** – The ability to rent a cottage or cabin “up north” is part of Wisconsin’s cultural heritage. For generations, families from Wisconsin and other parts of the country have rented cottages and cabins to spend time together hunting, fishing and boating. For those families who cannot afford to own a second home, renting a cottage or cabin for one or two weeks out of the year presents them with a special opportunity to enjoy Wisconsin’s wonderful water resources. Local ordinances that ban the rental of cottages and cabins, and/or subject them to expensive inspection requirements, limit the ability of families to vacation in Wisconsin and ultimately hurts our state’s tourism industry.

### **Proposed legislation**

To protect the ability of homeowners to rent their homes, the proposed legislation would:

- Disallow the enforcement or adoption of local ordinances that prohibit or unreasonably restrict the ability of homeowners to rent out their homes for periods of 7 days or longer.
- Continue to allow municipalities to
  - a. Ban the rental of homes for less than 7 days; and
  - b. Impose reasonable regulations on all rentals regardless of rental period (e.g., registration requirements, fees, inspections, nuisance regulations)

These changes would encourage local communities to create a reasonable regulatory framework that allows people to rent their homes and ensure any concerns about the behavior of renters can be appropriately regulated.

We respectfully request that you support AB 583 and encourage you to contact us at (608) 241-20147 if you have any questions about this legislation.