



## Changes to Lodgers' Tax Ordinance Eliminate Two Exemptions

### Tax Now Paid on Small Short-Term Rentals and Stays Longer than 30 Days

MAY 13, 2021 -- On April 28, 2021, the Santa Fe Governing Body approved amendments to the City's Lodgers' Tax Ordinance, consistent with state lodgers' tax legislation. The amendment results in two changes for hotels and short-term rentals that collect and remit lodgers' tax within the City.

- **The exemption for rentals with fewer than three rooms is eliminated. Every rental, regardless of size, is required to collect and remit lodger's tax.** This exemption was originally intended to help very small bed and breakfast operations in the late 1970s. With the explosion of the online booking industry and of short-term rentals in private homes, this exemption became outmoded. Subsequent to this ordinance change, there are no exemptions based on size, and all owners and rental guests are treated equally.
- **All rentals for non-permanent residents are required to collect and remit lodgers' tax without regard to the length of the stay. This eliminates the prior exemption for rentals of more than 30 days.** This means that visitors will continue to pay lodgers' tax on their rental after 30 days in the same rental, unless they can prove that they are making Santa Fe their permanent, tax-paying residence. The lodgers' tax collected from rental stays after the 30<sup>th</sup> day will go to the Affordable Housing Trust Fund.

Owners of hotels and short term rentals must comply or face the probability of penalties and interest for under-reported occupancy revenues, and will be obligated to remit the appropriate tax amount from their own income if rental guests are not properly charged.

Read the ordinance [here](#).

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