



# THE PRINCE GEORGE'S COUNTY GOVERNMENT


## Office of Audits and Investigations


September 30, 2020

### MEMORANDUM

TO: Robert J. Williams, Jr.  
Council Administrator

William M. Hunt  
Deputy Council Administrator

THRU: Josh Hamlin   
Senior Legislative Budget and Policy Analyst

FROM: Warren E. Burris, Sr.   
Senior Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement  
CB-59-2020 Short-Term Rentals (DR-1)

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**CB-59-2020** (sponsored by: Council Chair by request of the County Executive)

Assigned to Committee of the Whole (COW)

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**AN ACT CONCERNING SHORT TERM RENTALS** for the purpose of modifying the provisions for platform short-term rental licensing in the County and clarifying the adjudication process for violations of those regulations.

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#### Fiscal Summary

**Direct Impact:**

*Expenditures:* Minimal additional expenditures

*Revenues:* Potentially Positive

**Indirect Impact:**

Likely positive

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**Legislative Summary:**

CB-059-2020 was presented on September 9th, 2020 by the Council Chair at the request of the County Executive and was referred to the Council of the Whole (COW). CB-059-2020 would repeal and reenact Section 5-175.06 of the County Code to modify and clarify the enforcement process and protocols for violations and non-compliance with short-term rental requirements.

If enacted, CB-059-2020 would explicitly provide that:

- a platform short-term rental license is a “privilege and not a right,” and may be suspended or revoked at any time or not renewed based upon non-compliance with the requirements of the County Code;
- the Director of the Department of Permitting, Inspections and Enforcement (DPIE) may suspend or revoke a platform short-term rental license due to a citation, corrective order, or violation notice citing violations of the County Code; and
- all enforcement actions and penalties are at the DPIE Director's discretion, based upon the requirements of Division 8 of Subtitle 5 of the Code.

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**Current Law/Background:**

Division 8 of Subtitle 5 of the County Code currently outlines the license requirements for “platform”<sup>1</sup> short-term rental units in the County, including license application procedures and standards for these units. In addition, the law currently provides for host reporting requirements and enforcement procedures for violations of the law’s requirements. Section 5-175.06 sets forth certain prohibited acts and provides for enforcement and penalties. Under the law as currently drafted, §5-175.06(b) provides that upon a violation of the section, the Director may:

- (1) issue an administrative citation as that term is defined by Subtitle 13, Division 1, Subdivision 1 of this Code;
- (2) issue a violation notice;
- (3) suspend the platform's short-term rental license; or
- (4) revoke the platform's short-term rental license.

Under CB-059-2020, subsection §5-175.06(b) would be repealed in its entirety and replaced with language described above, which would give the DPIE Director more flexibility in suspending or revoking licenses.

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**Resource Personnel:**

DPIE Staff  
Council Administration

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<sup>1</sup> §5-174(g) defines “Hosting platform” or “Platform” as “a person or entity that facilitates a short-term rental by providing booking services through which a licensed host may lawfully provide a residential dwelling unit for short-term rental use.” Examples of a Platform include Airbnb and VRBO.

**Discussion/Policy Analysis:**

- *Potential Benefits of Enacting CB-059-2020*

As DPIE continues to revamp its permitting processing, the Department has streamlined outdated license requirements and clarify the enforcement procedures to correct any non-compliance to the requirements in this sub-section. This would ensure a more efficient and fair system for residents and businesses operating short-term rental properties in the County. Also, the Department has been diligently seeking to clarify enforcement procedures and protocols for violations of the non-compliance with requirements. This Bill would amend the law to clearly articulate the Director's enforcement mechanism and protocols, which will enhance the Director's enforcement toolbox.

- *Potential Costs of Enacting CB-059-2020*

These changes in the law proposed in CB-059-2020 will enhance the requirements put in place by CB-011-2018 and CB-037-2020, but may necessitate the Department to increase staff for the enforcement of the non-compliance.

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**Fiscal Impact:**

- *Direct Impact*

Enactment of CB-059-2020 would likely result in the need for some additional upfront expenditures to hire additional staff to handle enforcement and monitor compliance of the requirement of this subsection. The enforcement flexibility instituted by the Bill may result in slightly increased collection of fines.

- *Indirect Impact*

Enactment of CB-059-2020 would likely result in a positive indirect impact to the community in the form of better assurance that short-term rentals are properly licensed and insured and would allow enforcement of violations to be quickly addressed.

- *Appropriated in the Current Fiscal Year Budget*

No.

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**Resource Personnel:**

DPIE Staff  
Council Administration

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**Effective Date of Proposed Legislation:**

This Act shall take effect forty-five (45) calendar days after it becomes law.

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Robert J. Williams, Jr.

Page 4

If you require additional information, or have questions about this fiscal impact statement, please reach me via phone or email.