Adopting local option community impact fee on short-term rentals
GL Chapter 64G §3D

How does a municipality adopt the local option community impact fee on short-term rentals?
Acceptance is by a majority vote of the municipal legislative body, subject to local charter. Unlike other local options, the community impact fee requires two separate votes. The first vote (Option 1 below) applies to professionally managed short-term rental units. If Option 1 is approved, then the municipal legislative body can vote on Option 2.

Option 1 Community Impact Fee (G.L. c. 64G, §3D(a)): applies to transfer of occupancy for professionally managed units, defined as two or more short-term rental units in the same community but not located within a single, two- or three-family dwelling that includes the owner's primary residence.

Suggested language for an article to adopt Option 1:

VOTED: That the city/town of _____ accept G.L. c. 64G, § 3D(a) to impose a community impact fee applying to transfers of occupancy for "Professionally-managed units" (one of two or more short-term rental units in same city/town operated by the same operator (owner) and not located within a single- or two- or three-family dwelling that includes the operator's primary residence).

Option 2 Community Impact Fee (G.L. c. 64G, §3D(b)): applies to transfer of occupancy on short-term rental units located within a two- or three-family dwelling that includes the operator's primary residence

Suggested language for an article to adopt Option 2:

VOTED: That the city/town of _____ accept G.L. c. 64G, § 3D(b) to impose a community impact fee applying to transfers of occupancy for short-term rental units located in a two- or three-family dwelling that includes the operator's primary residence.

My community voted to accept the community impact fee on short-term rentals. What's the next step?
Within 48 hours of the acceptance the city or town clerk must notify DLS by submitting this form: Notification of Acceptance/Rescission – Local Option Community Impact Fee – Short-term Rentals.
Email the Notification of Acceptance form to databank@dor.state.ma.us.

Is there a limitation on the rate we can adopt?
A municipality can choose to adopt a rate of up to 3%.

Can an adopted rate be amended?
A municipality accepting a community impact fee can choose to amend the rate or even revoke it, but changes to the adopted fee can only happen once a year.

How will the excise be collected from a local establishment?
Based on the effective date of the excise, DOR will collect the impact fee when they collect the room occupancy tax. The impact fee will only be collected from taxpayers registered as short-term rentals.

When will DOR start collecting the excise?
The effective date is dependent on two things:

1. The wording of the article approved by the legislative body
2. The date DLS is notified of the adoption

Notification deadlines:

FY Quarter	Quarter Start Date	Notify DLS by:
Quarter 1	July 1st	May 31st
Quarter 2	October 1st	August 31st
Quarter 3	January 1st	December 1st
Quarter 4	April 1st	March 1st

For example, if a municipality votes on May 24th to adopt the local option excise effective July 1st the notification of acceptance must be received by DLS no later than May 31st. Delays in notifying DLS timely will push the effective date to the next quarter. Using the same example: if a municipality votes on May 24th to adopt the local option excise effective July 1st but DLS is notified on June 5th, the effective date would be pushed to October 1st.

Can I request a list of all establishments registered with DOR as short-term rentals?
Yes. DLS can provide local officials with a list of registrations in their municipality. Email your request to databank@dor.state.ma.us.

When will we receive the local option excise collected?
DOR issues these payments quarterly. Quarterly payments are based on the taxes collected by DOR in the previous three months. For example, the September 30th local option excise distribution will be based on excise revenues received by DOR in June, July and August.

Can we request the amount of tax collected from a specific establishment?
Unfortunately, we can't provide that detail due to DOR policy on taxpayer confidentiality.

Additional guidance is available from these sources:

DLS FAQs Short Term Rentals – Room Occupancy Amendments.

https://www.mass.gov/info-details/room-occupancy-excise-tax