

## April 17, 2017; Short-term Vacation Rules

Has the idea of renting out a spare apartment, condo, or house to tourists ever crossed your mind? After all, lots of people on Guam seem to be taking advantage of this new money making opportunity. But, before jumping into the market, take the time to educate yourself.

This week, we turn our attention to the other type of homestay, a short-term vacation rental unit. This is defined as an accommodation for temporary guests who pay to stay in a residential dwelling for a maximum of 30 days. Unlike a bed and breakfast, the owner does not live in the residence with the guests and no breakfast is served. Rather, the guests have the place to themselves.

Those interested in taking advantage of this opportunity must first obtain a business tax certificate from the Department of Revenue and Taxation. These certificates can't be transferred or assigned to any other person or shifted to another property and must be renewed on an annual basis.

The short term business tax certificate application must include the following information:

- The name, address, telephone number, email address of the owner of record.
- The address of the residence.
- The name, address, telephone number of the short-term vacation rental unit emergency contact person.
- The number and location of the parking spaces.
- The owner's written agreement that best efforts will be used to ensure that the occupants don't disrupt the neighborhood. Quiet hours must be observed from 9 p.m. until 5 a.m.

In addition, the owner must submit the following:

- A sworn statement that the owner will abide by all the terms and conditions of Guam's short-term rental law.
- Proof of ownership of the rental unit.
- Proof of owner's insurance for the rental unit.
- A written certification by the emergency contact that he or she will perform the required duties. This person must monitor the rental unit and be reasonably available to handle any problems that may arise within 2 hours.
- A sample of the written agreement that all guests must be given and that must be signed by both the owner and guest. Through this agreement guests are required to obey all relevant laws. They must limit the total number of guests to no more than 2 adults and 2 children per bedroom. Quiet hours must be observed between 9 p.m. to 5 a.m. A renter's failure to abide to the agreement may result in the renter's immediate eviction.

All owners must pay a monthly excise tax to the Guam Department of Revenue and Taxation. Rev and Tax is tasked with regulating, investigating, and collecting all fees due under the law. An owner who rents out a short-term residence without paying the mandated tax is subject to a \$5,000 fine for the first offense and \$10,000 for the second offense.

Through the short-term vacation rental legislation, the Legislature wants to provide home owners with the opportunity to enjoy the benefits of tourism while simultaneously protecting tourists,

preserving the integrity of neighborhoods, and ensuring that short-term rental owner's pay their fair share of taxes.