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Boost Revenue With Simple Short-Term Rental Registration and Tax Collections

Simplifying Tax Collection for Communities

Government agencies that rely on tax revenue to fund critical services and infrastructure are finding it more urgent than ever to bridge the gap between under-reported tax revenue and taxpayers' understanding of the processes.

This is especially true as things like short-term rentals (STRs) have grown in popularity and become new sources of income for residents.

According to a recent report, STRs represent a $64 billion market, a number that's expected to exceed $81 billion in the next decade.[1] This means STRs have the potential to generate significant tax revenue for agencies.

To simplify the STR tax collection process and ensure accurate revenue collection, many agencies rely on software solutions that can automate tax calculations, streamline invoicing and payment processing, and provide transparent reporting.

In this guide, we'll explore how to leverage software for efficient STR tax collection that will benefit all stakeholders.

1. *Short-term rental statistics: 2024 report (https://www.usatoday.com/money/homefront/moving/short-term-rental-statistics/)*

Breckenridge, CO

Population:
~5,000

Agency Type:
Town

Region:
West

GovOS Suites:
Licensing & Registration, Tax & Compliance

Key Results

97% of all STR payments are made online

4,200 STR licenses managed and renewed online

<20 non-renewed licenses needed follow-up

The Need

Breckenridge faced significant challenges with the proliferation of STRs, which impacted the quality of life for residents due to increased noise, trash, and parking issues.

Managing over 4,200 licenses with a small team was daunting. The Town's process involved multiple disparate systems, manual mail merges, and extensive data entry, leading to inefficiencies and a lack of confidence in data accuracy.

The Solution

The Town implemented the GovOS STR solution to automate the licensing and tax processes. The system provided end-to-end online registration, renewal, and payment workflows.

The Results

The system made it easier for STR owners to navigate license requirements and ensure compliance, reducing confusion and the amount of effort required. With a more streamlined enforcement process, the Town saw increased licensing compliance rates and more accurate tax collection.

> We receive immediate notifications for all transactions and communications, integrating property and geographic information, transaction details, and reporting tools into one suite.
>
> **Bela Del Valle**
> *Accommodations Compliance Program Manager*

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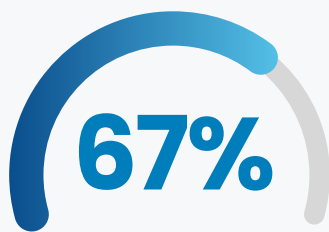# Increased Efficiency for Revenue Collection

As the number of active STRs continues to rise in many communities, managing tax collection from these property owners can be a challenging task for agencies. The process often requires keeping track of bookings, calculating taxes, issuing invoices, and processing payments.

Manual processes are prone to errors and can be time-consuming for both STR operators and administrative staff. Many government agencies do not have the bandwidth to add additional personnel to help with the increased workloads, putting a serious strain on tax operations.
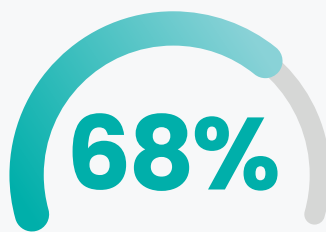
Leveraging a short-term rental solution can become the force multiplier that agencies desperately need, as software helps to automate these processes, significantly improving revenue collection efficiency.

An effective STR solution can help agencies calculate taxes based on booking data, automate tax filing reminders, and facilitate seamless payment processing. All of this significantly reduces the administrative burden on staff and helps ensure accurate and timely revenue collection.
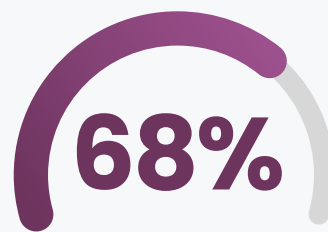
More must be done to make governments easy to do business with when you look broadly at business licensing and tax payments*.

67%
Business license applications **could not** be completed online

68%
Businesses **manually calculate** the taxes they owe *(including penalties & interest)*

68%
Business owners say that **online tax portals need improvement**

*According to a GovOS survey of local business owners

Simplified Compliance for STR Operators

Staying in compliance with government regulations can be overwhelming for individuals, many of whom report not understanding tax codes.

Tax compliance can be an especially tricky task for STR operators, particularly if they operate in multiple jurisdictions with varying tax requirements.

If the process becomes too complicated, governments risk STR owners underreporting their revenue or even forgoing reporting it altogether. Either way, this results in lost revenue for communities.

STR software can enable agencies to:

✓ Automatically calculate taxes based on the specific regulations of each jurisdiction.

✓ Provide operators with a self-service portal to keep track of their tax obligations, thereby minimizing the risk of penalties and legal issues.

✓ Encourage more hosts to participate in the STR market with a simplified compliance process, leading to increased tax revenue.

Transparent & Accurate Reporting

Data collection is essential for governments to track tax revenue and allocate resources effectively.

Short-term rental software can provide transparent and accurate reporting, and enable agencies to:

- ✓ Access real-time data on tax collection

- ✓ Create customized reports to display revenue by date range, property type, or other relevant criteria

- ✓ Reduce manual data compilation

With comprehensive reporting capabilities, agencies can make data-driven decisions about resource allocation and community development initiatives.

A more informed approach to tax revenue and data can also help increase community support for STRs.

Gilbert, AZ

Population:
~275,000

Agency Type:
Town

Region:
Southwest

GovOS Suites:
Licensing &
Registration, Tax &
Compliance

Key Results

10X increase in
compliance for STR
registrations

$150 saved on every
STR registration

$85k+ revenue
generated for Gilbert
through increased STR
registrations

The Need

With an increasing number of STRs, Gilbert recognized the need to replace the Town's existing labor-intensive approach to managing STRs. Staff wanted a more efficient system that would enhance compliance while supporting STR owners and the community. Securing buy-in was essential to ensure the new system met state requirements.

The Solution

To streamline STR registration and tax collection, Gilbert selected the GovOS STR solution. In addition to introducing much-needed automation, the system would provide STR owners access to an online portal and give the Town officials advanced data analytics

The Results

The platform's clear communication of regulations, requirements, and resources improved community engagement. **As a result of the increase in registrations and more accurate fee collections, Gilbert also experienced an increase in revenue.**

> **The efficiency has been off the charts for us and to have a way of measuring compliance is also really incredible.**
>
> **Ashley Namor**
> *Business Compliance Project Manager*

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full story**

Enhanced Revenue Allocation for Community Initiatives

Utilizing STR tax collection software allows governments to increase efficiency, compliance, and transparency, which, in turn, can help maximize revenue collection.

For many jurisdictions, generating tax revenue from STRs is crucial as it contributes to local infrastructure, public services, and community development.

There are many ways governments reinvest STR tax revenue back into their communities, including:

- Revitalizing community centers
- Building playgrounds and parks
- Investing in major infrastructure upgrades
- Supporting arts and cultural programs
- Focusing on public safety

With more accurate and efficient revenue collection, agencies can allocate resources effectively and fund these important community initiatives.

Okaloosa County, FL

Population:
~216,000

Agency Type:
County

Region:
Southeast

GovOS Suites:
Licensing & Registration, Tax & Compliance

Key Results

98% of transactions paid online

$76,500+ collected in penalties & interest

14%+ increase in registered tax clients

The Need

The County's Tourist Development Tax amounts to **more than $30 million in annual revenue**. Although the County already had an online tax solution in place, the software vendor was not meeting their needs. They needed a solution that could not only manage tax collections efficiently but also improve the taxpayer experience and provide better data reporting.

The Solution

After researching vendors, the County selected the GovOS STR compliance, registration, and tax collection solutions. Staff took to the system quickly, using it to issue notifications to tax customers, identify non-compliant STR properties, and leverage the system's extensive reporting capabilities.

The Results

Currently, the County has less than half a percent of delinquent accounts remaining, and **98% of all transactions are paid online**. Using the GovOS system, Okaloosa County collected more than $76,500 in penalties and interest and reported a **$1 million increase in funds** distributed to municipalities compared to the previous year.

> **"**
> One of the things that sets GovOS apart is the customer service. We were in a situation where we needed to implement new software quickly, and GovOS stepped up to get us the product we needed in a short amount of time.
>
> **Josh Allen**
> *Board Services Director*

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Key Takeaways

From maximizing revenue and simplifying regulatory compliance for hosts to funding community initiatives and addressing critical needs, governments have the power to transform the tax collection process, ensuring accurate and timely revenue allocation.

With purpose-built tax software, governments can:

✓ Increase efficiency by automating steps like tax calculations, notifications, and payment processing.

✓ Simplify compliance to deliver a straightforward experience and encourage more STR operators to accurately report their revenue.

✓ Make data-driven decisions about resource allocation with transparent and accurate reporting capabilities.

✓ Maximize tax collection from STRs to potentially fund important community initiatives, from infrastructure upgrades to cultural programs.

GovOS

Modernizing the Business of Government

GovOS is a leading provider of transaction and compliance software for state and local governments to streamline property, licensing, and tax interactions with businesses and constituents. Headquartered in Austin, Texas, GovOS serves nearly 850 government agencies across the United States. With the company's secure suite of cloud-based solutions, governments can maximize revenue, increase compliance, reduce costs, and meet constituent demand for modern, self-service transaction and payment services.

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