



OFFICE OF THE INSPECTOR GENERAL
MONTGOMERY COUNTY MARYLAND

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INSPECTOR GENERAL

Short-Term Residential Rental Program

OIG Publication # 25-04

October 9, 2024

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EXECUTIVE SUMMARY

The use of online brokers such as Airbnb and Vrbo to access Short-Term Residential Rentals (STRRs) has become an increasingly popular alternative to traditional hotels. In 2017, the Montgomery County Council passed legislation to regulate STRRs. Today it is estimated that there are more than 1,400 STRRs in Montgomery County. Our review found that more than 85% of these STRRs are operating without a license and that the County does nothing to ensure it has received all taxes owed by each STRR.

During our review, the STRR program was managed by the Department of Health and Human Services (DHHS). On July 1, 2024, the STRR program was transferred to the Department of Housing and Community Affairs (DHCA) which plans to hire five new staff to manage the program. Recommendations included in this review are intended to assist and enhance DHCA's management of the program.

RESULTS

- DHHS made minimal effort to enforce STRR Code provisions leading to unlicensed and ineligible STRRs and thousands of dollars in missed revenue.
- Insufficient staffing and no formal policies or procedures exist to administer the STRR program.
- The County does not require online brokers to provide sufficient detail when remitting aggregated tax payments.

OBJECTIVES

Through this review, we sought to (1) determine if the County has effective procedures to identify all STRRs, and (2) if Finance has effective procedures to ensure they are collecting the appropriate revenue owed by STRRs.

SCOPE AND STANDARDS

Our review covered all DHHS policies, procedures, and practices related to the STRR program from September 7, 2023, through June 3, 2024, and was conducted in accordance with the Association of Inspectors *General Principles and Quality Standards for Inspections, Evaluations, and Reviews by Offices of Inspector General* (May 2014).

RECOMMENDATIONS

We recommend Finance:

- Identify and pursue methods to ensure the County collects all taxes owed by STRR property owners.
- Conduct routine audits of aggregate transient tax payments.
- Assess interest and penalties as outlined in the County Code when warranted.

We recommend DHCA:

- Enforce compliance with applicable STRR Code provisions and licensure requirements.
- Implement procedures to identify and maintain a current list of all STRRs operating in the county, including collaborating with Finance to ensure all properties that have remitted transient tax have a STRR license.
- Communicate STRR program requirements to residents, hosts, and prospective hosts.
- Implement formal policies and procedures to effectively manage the STRR program, to include defining staff roles and responsibilities.

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BACKGROUND

The advent of platforms like Airbnb, Vrbo, and Booking.com has enabled property owners to more easily rent their homes for short periods to travelers and vacationers. These online brokers connect homeowners renting a room or entire property with individuals who are looking for accommodations. It is estimated that there are more than 1,400 of these units available for rent in Montgomery County. While these platforms have provided economic benefits to homeowners and increased accessibility for travelers, they have also raised various concerns, chief among them is their impact on housing affordability, safety, neighborhood integrity, and fair competition.

To address some of these concerns, in 2017 the Montgomery County Council adopted a zoning text amendment and a related bill to “define short-term residential rentals, and to establish standards and licensing regulations.” The bill assigned the County’s Department of Health and Human Services (DHHS) the responsibility of managing the STRR program. The County Code requires the Department of Finance (Finance) to impose a transient tax of 7% of the total amount paid for related rentals. The Code further requires brokers to collect the appropriate tax when payment is made and remit it to the county on behalf of the property owner. If no broker is used, then the property owner must remit the tax.

Chapter 54 of the Montgomery County Code defines a STRR as the “residential occupancy of a dwelling unit for a fee, for less than 30 consecutive days” and requires that the rental be the property owner's or owner-authorized resident's primary residence. The Code specifies that all STRRs be approved and licensed by the County. During the scope of our review, the following was required of owners for licensure under the STRR program:

- 1) Notify immediate neighbors, as well as any applicable homeowners’ or condominium association.
- 2) Apply for a Maryland State Sales Use and Tax ID number.
- 3) Apply for the county’s Room Rental and Transient Tax through the Department of Finance.
- 4) Complete the STRR registration/renewal form.

The County uses a commercial software application to manage the STRR licensing process. To obtain a STRR license in Montgomery County, individuals must register online by accessing this commercial software application through a link on the County’s website. Applicants are prompted to answer a series of questions relating to program eligibility requirements. Once an applicant has successfully completed the online application and their eligibility has been verified, they are issued a license with a unique number.

While our review was in progress, the County Council approved Bill 22-23 amending the STRR law, effective July 1, 2024, to reassign program administration and enforcement responsibilities from DHHS to DHCA; amend the application process; and increase the ability of the director overseeing

BACKGROUND

the STRR program to approve, deny, suspend, and revoke licenses. DHCA estimated they need to hire five additional employees to properly administer the STRR program.

Objectives, Scope, and Methodology

Through this review we sought to determine (1) if the County has effective procedures to identify all STRRs, and (2) if Finance has effective procedures to ensure they are collecting the appropriate revenue owed by STRR owners.

As part of our review, we issued subpoenas to Airbnb and Vrbo requesting data pertaining to their STRR listings in the County from January 1, 2023, to December 31, 2023. We selected Airbnb and Vrbo because we believed them to be two of the most popular online brokers and would capture the majority of STRRs in the County. During the scope of our review, we learned that the following municipalities elected to opt out of participating in the county's STRR program: Town of Brookville, Chevy Chase Village, Town of Chevy Chase, Chevy Chase Section 3, Gaithersburg, Garrett Park, Laytonsville, Poolesville, Rockville, Somerset, and Washington Grove. After removing the non-participating municipalities, we calculated a total of 1,472 active Airbnb and Vrbo STRR listings in the County for 2023.¹ We queried the commercial software application used by DHHS to manage the STRR program and determined that during this same period there were only 177 total STRRs licensed by the County.

To assess whether Finance collected all the taxes owed by STRRs in the County, we requested data pertaining to all transient tax revenue received from STRRs for calendar year 2023. As Airbnb and Vrbo remit taxes in aggregate and do not specify which properties are included in the lump sum payment, we were unable to determine if the County received the correct amount of transient tax for each STRR property. However, we obtained monthly disbursement records from Airbnb and Vrbo and verified that the total amount of taxes owed, as calculated by each broker, was received by Finance.

Our review was conducted between September 7, 2023, and June 3, 2024, in accordance with the Association of Inspectors General, *Principles and Standards for Offices of Inspector General, Quality Standards for Inspections, Evaluations, and Reviews* (May 2014).

¹ There are additional STRRs in the county not listed on Airbnb and Vrbo.

FINDINGS AND RECOMMENDATIONS

Our review found that more than 85% of STRRs operating within the County are not licensed. The lax administration and enforcement of STRR Code provisions over the years has resulted in a loss of hundreds of thousands of dollars in licensing fees and potential tax revenue. It has also degraded the impact of the STRR legislation on housing affordability, safety, neighborhood integrity, and fair competition.

Additionally, we found that tax remittances from two of the largest brokers are submitted in aggregate with no supporting documentation. The County therefore has no assurance it is receiving the appropriate tax due and does not have the ability to reconcile tax payments against what was collected.

Given that responsibility for the STRR program was transferred from DHHS to DHCA, most of our recommendations below are addressed to DHCA. It is our expectation that DHCA will adapt the recommendations to strengthen the management, enforcement, and impact of the STRR program.

Finding 1: DHHS made minimal effort to enforce STRR Code provisions leading to unlicensed and ineligible STRRs and thousands of dollars in missed revenue.

In calendar year 2023, there were 177 licensed STRRs in the County, but an estimated 1,486 short-term units available for rent, equating to 1,309 unlicensed STRRs operating in the County.² The County has been aware of the large discrepancy between licensed units and available unlicensed STRRs for years, but has taken no steps to address the issue or pursue enforcement actions authorized by the County Code.

During the scope of our review, the cost to obtain an initial and a subsequent renewal STRR license was \$150. Considering that the County's application used to manage the STRR program estimated that 1,309 units were not licensed, the County missed an opportunity to collect \$196,350 in required licensing fees. Additionally, by not enforcing compliance with the STRR Code provisions the County is missing an opportunity to assess mandated penalties. The Code specifies that operating a STRR without a license is a Class A violation which carries a maximum penalty of \$500 for an initial offense and \$750 for a repeat offense. If the County assessed the maximum penalty to each property illegally available for rent, it could have potentially collected more than \$650,000 in calendar year 2023.

DHHS management shared that compliance efforts are not proactive and are instead strictly based on resident complaints, often relating to excessive noise or illegal parking concerns. Evidence gathered during our review supported that assertion. As an example, in analyzing the data we received from Airbnb³, we identified more than 70 individuals that appear to have multiple properties available as STRRs, even though the Code only allows the owner's primary residence to be used. As many rental agreements and condominium by-laws strictly prohibit or place restrictions

² Calculated through the commercial software application used by the county to process STRR registrations.

³ The data received from Vrbo did not allow us to perform the same analysis.

on STRRs, we also question how many of the STRRs in multi-tenant complexes have notified the proper entities and obtained the necessary approvals.

Recommendation 1

We recommend DHCA:

- a) Enforce compliance with applicable STRR Code provisions and licensure requirements.**
- b) Implement procedures to identify and maintain a current list of all STRRs operating in the County, including collaborating with Finance to ensure all properties that have remitted transient tax have a STRR license.**
- c) Communicate STRR program requirements to residents, hosts, and prospective hosts.**

Finding 2: Insufficient staffing and no formal policies or procedures exist to administer the STRR program.

During our review we found that DHHS had no formal policies or procedures related to the STRR program, including how to educate the public on STRR requirements or efforts to enforce STRR licensing requirements and pursuing violators. A DHHS manager responsible for overseeing the program told us that when they assumed responsibility for the STRR program in August 2022, their predecessor only provided a “cheat sheet” outlining the steps to process new license applications.

According to DHHS staff, when the STRR program was established they planned to hire a new part-time employee to administer the program. However, this part-time position was never filled and DHHS instead designated a manager from their Licensure and Regulatory Services Division to oversee the STRR program as a collateral duty. This manager shared that due to their limited resources, DHHS primarily focused their efforts on issuing initial licenses and processing renewals. The absence of formal policies and procedures, coupled with a lack of personnel devoted to the STRR program, led to enforcement being largely nonexistent.

In the discussions around transitioning the STRR program to them, DHCA estimated that they needed five new employees to properly administer the STRR program. DHCA management shared that as of September 12, 2024, four of the five employees have been hired and the fifth is expected to begin soon. The additional staff and implementation of formal policies and procedures should help DHCA better ensure compliance with the STRR Code requirements.

Recommendation 2

We recommend DHCA implement formal policies and procedures to effectively manage the STRR program, to include defining staff roles and responsibilities.

Finding 3: The County does not require online brokers to provide sufficient detail when remitting aggregated tax payments.

The County’s website explains that “every provider, including homeowners, that offers for compensation sleeping accommodations for a period of thirty or fewer days is liable for paying the Room Rental-Transient Tax.”⁴ STRR tax payments are submitted through the on-line MCG Hotel Tax Payment Application⁵ which is tied to the STRR licensee’s account. The County specifies that “a Room Rental-Transient Tax Return must be filed online on or before the last day of the month for the preceding month or period” and “return must be filed even if no tax is due for that specific month or period.”⁶ The County allows that if an “online broker pays the tax on your behalf you may provide the County proof that the online broker is submitting the tax directly to the County on your behalf.”⁷

Airbnb and Vrbo remitted \$1,337,851.59 and \$89,849.51 respectively in aggregated transient tax payments in calendar year 2023. They did so with no documentation or data identifying the property for whom the taxes were remitted or the total collected in revenue, both of which are required of individual filers. As was evidenced by the data we received, both Airbnb and Vrbo have the information available. Since Finance does not require this information to be provided with the aggregated tax filings, they have no way of knowing if they received the appropriate tax amount or to what STRR account to attribute the payment.

Finance staff told us that they conduct a reconciliation of tax payments deposited in the County’s account against what the brokers claimed to have remitted. They do not however, conduct routine or random audits of the tax remittances by Airbnb and Vrbo. Thus, the County is relying solely on the brokers’ assertions rather than tangible evidence. The practice of allowing brokers to remit aggregate tax payments without providing detail about the total revenue collected and on whose behalf it was collected creates significant obstacles for Finance to comply with their requirements under the County Code to ensure that the proper tax has been remitted, and if not, assess interest and penalties.

Recommendation 3

We recommend Finance:

- a) Identify and pursue methods to ensure the County collects all taxes owed by STRR property owners.**
- b) Conduct routine audits of aggregate transient tax payments.**
- c) Assess interests and penalties as outlined in the County Code when warranted.**

⁴ <https://www.montgomerycountymd.gov/finance/taxes/hotel-tax.html>

⁵ The system also provides tax filing history information.

⁶ Ibid

⁷ Ibid

OIG COMMENTS TO CHIEF ADMINISTRATIVE OFFICER RESPONSE

The County Chief Administrative Officer's response to our report is included in its entirety in Appendix A. Although the response notes concurrence with the OIG's recommendations, we take issue with various statements and actions presented to address recommendations to Finance, specifically recommendations 3a, 3b, and 3c. As a result, we will categorize these recommendations as Open Unresolved.

Our review found that the "lax administration and enforcement of STRR Code provisions over the years has resulted in a loss of hundreds of thousands of dollars in licensing fees and potential tax revenue" and "degraded the impact of the STRR legislation". Although DHHS, and more recently DHCA, was charged with managing the STRR program, Finance has overseen the imposition and collection of associated taxes and therefore shoulders some of the blame for these failures. The administration's assertion in responding to recommendation 3a that "Finance currently has processes to ensure that all required taxes are remitted to the County" was shown through this review and our review of the Bag Tax program to be incorrect. Finance has created processes for those who choose to remit STRR associated taxes but does not have a process to "ensure that all required taxes are remitted." The need to improve on the latter is precisely what we document in this report and is the basis for our recommendations.

Additionally, the administration's responses to recommendations 3b and 3c, both convey a sense that increased enforcement of tax collection related to the STRR program is not worth the effort. In response to recommendation 3b (Conduct routine audits of aggregate transient tax payments), the administration asserts that "in light of the tax currently remitted... staff resources do not currently exist to implement such an audit program." We assume that the administration is contending that the cost associated with conducting routine audits of the approximate \$1.5 million in collected STRR related tax revenue outweighs the benefits. In response, we argue that having no oversight of what is remitted and relying on brokers to do the right thing without the possibility of surveillance leaves the County at a disadvantage and vulnerable to tax avoidance schemes. By establishing routine audits of remittances, the County may realize an increase in tax payments and further detect issues that warrant assessing interest and penalties.

In response to recommendation 3c (Assess interest and penalties as outlined in the County Code when warranted), the administration states that "Finance currently assesses interest and/or penalties... when significant instances of non-compliance are identified..." Apart from us not finding a single instance in our scope period where interest and penalties were assessed to STRR operators, we again argue that lax administration of the STRR program makes it extremely unlikely that Finance would ever find "significant instances of non-compliance." Increased tax payment enforcement and routine auditing will help Finance identify and hold accountable those that are violating the law by not paying required taxes.

Lastly, the administration should be sensitive to the fact that their tax remittance process creates inequities between property owners who uses brokers to facilitate renting their units and those who do not. Brokers remit aggregate tax payments without identifying property owners/locations, the total collected, and whether the unit is licensed. Individual remitters on the other hand are required to be registered with the County to even remit taxes, must identify the property address, and are obliged to declare the total amount collected. Individual remitters must pay the \$325 licensure fee to remit taxes through the County's system, while those that use brokers are not subjected to the same scrutiny and therefore can more easily avoid County registration requirements. These differences result in higher County imposed fees and more scrutiny on those that choose not to use brokers, while those that do can hide behind the anonymity of the broker without fear of being identified through enforcement efforts or audits.

APPENDIX A: CHIEF ADMINISTRATIVE OFFICER (CAO) RESPONSE

The Chief Administrative Officer provided the following response to our report:



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

October 4, 2024

TO: Megan Davey Limarzi, Inspector General

FROM: Richard S. Madaleno, Chief Administrative Officer *RSM*

SUBJECT: Inspector General Confidential Draft Report: Short-Term Residential Rental Program (OIG Publication #OIG-25-03)

Thank you for the opportunity to respond to the issues identified in the report. With the rise of the sharing economy and the economic and social benefits to residents of sharing resources, short-term residential rentals are an important part of the County economy. The County is committed to effectively administering the short-term residential rental program and the changes implemented under Bill 22-23. Your report's findings and recommendations will be helpful as we continue to improve processes in the future.

As noted below, we are committed to taking appropriate steps to address the report's findings and recommendations.

Recommendation 1: We recommend Department of Housing and Community Affairs (DHCA):

- Enforce compliance with applicable STRR Code provisions and licensure requirements.

CAO Response: We concur with the recommendation. DHCA is actively working with the Department of Health and Human Services (DHHS) to ensure a smooth transition of (Short-Term Residential Rental (STRR) program responsibilities. As part of this transition, DHCA recognizes the importance of making clear the STRR program requirements, ensuring that the County maintains a current list of hosts and property owners, informing these hosts and prospective hosts of their obligations under the program, and ensuring compliance with program provisions and licensure requirements through proactive outreach and education and complaint investigation. DHCA has already made significant progress toward these objectives. DHCA has hired four of the five positions funded to administer the STRR program (one licensing staff, two code inspectors to conduct complaint-based inspections, and one staff person leading the information technology/systems responsibilities) and is working on setting the start date for the fifth (the second licensing staff). DHCA launched a new STRR program webpage on October 1,

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2024, that contains program requirements, the online licensing application, frequently asked questions (FAQs), and directions for how to seek assistance. On October 1, DHCA also sent an email blast to hosts notifying them that they are taking over administration of the STRR program from DHHS, informing them of their responsibilities as hosts, and directing them to the new webpage. The email blasts were augmented by social media posts directing residents, hosts, and prospective hosts to the new STRR program webpage. During December 2024, DHCA will hold webinars for hosts and prospective hosts to explain STRR program provisions and licensure requirements and answer questions. The presentations used in these webinars will be posted on the STRR program webpage for the benefit of residents, hosts, and prospective hosts. During the first initial months of DHCA assuming full administrative responsibility for the STRR program, they will revise and refine standard operating procedures and begin drafting an Executive Regulation for the program. DHCA anticipates publishing a draft Executive Regulation in the County Register for comment by September 30, 2025. DHCA will then work with the County Council to finalize and approve the Executive Regulation.

Recommendation 2: We recommend DHCA:

- b. Implement procedures to identify and maintain a current list of all STRRs operating in the county, including collaborating with Finance to ensure all properties that have remitted transient tax have a STRR license.

CAO Response: We concur with the recommendation. DHCA recognizes the challenges associated with establishing and maintaining such a list; DHCA will take over the Host Compliance service contract from DHHS as the primary initial tool for identifying hosts operating in the County and creating a database for tracking licensed and unlicensed hosts and targeting licensing enforcement. DHCA will evaluate the range of Host Compliance's features to determine what augmentations are needed for DHCA's existing licensing systems to achieve the most effective data integration and systems effectiveness. DHCA also understands the importance of collaborating with the Department of Finance to ensure that data available to both departments are used to help ensure that properties operating under the STRR program are appropriately licensed. As noted in the response to Recommendation 5, there are also challenges in obtaining certain relevant information relating to tax payments to most effectively use the data in verifying licensing. DHCA and Finance have begun discussions toward identifying solutions and will continue to coordinate as part of the development of the Executive Regulation referred to in response to Recommendation 1. We anticipate implementing such procedures or identifying other legal or necessary changes to implement such procedures by or before September 30, 2025.

Recommendation 3: We recommend DHCA:

- c. Communicate STRR program requirements to residents, hosts, and prospective hosts.

CAO Response: We concur with the recommendation. As noted above, we recognize that effective implementation of the STRR program requires a multi-layered and collaborative approach, including data mining to identify hosts; proactive outreach and education to hosts and prospective hosts, including having program requirements clearly identified on the DHCA's

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website; complaint investigation; and enforcement of both licensure and tax remittance requirements. As previously mentioned, DHCA has launched a new STRR program webpage that contains program requirements, the online licensing application, FAQs, and directions for how to seek assistance. On October 1, DHCA also sent email blasts to hosts, notifying them that it is taking over administration of the STRR program from DHHS, informing them of their responsibilities as a host, and directing them to the new webpage. The email blasts were augmented by social media posts directing residents, hosts, and prospective hosts to the new STRR program webpage. During December 2024, DHCA will hold webinars for hosts and prospective hosts to explain STRR program provisions and licensure requirements and answer questions. The presentations used in these webinars will be posted on the STRR program webpage for the benefit of residents, hosts, and prospective hosts. Efforts to refine and enhance this program will continue based on lessons learned and feedback.

Recommendation 4: We recommend DHCA implement formal policies and procedures to effectively manage the STRR program, to include defining staff roles and responsibilities.

CAO Response: We concur with the recommendation. Once DHCA has hired all five staff members and they have finished training, DHCA will develop formal policies and procedures governing the administration of the STRR program. DHCA has already defined the roles of the five new staff focused on the STRR program (two licensing staff, two code inspectors, and one information technology (IT) specialist). They will iteratively refine their responsibilities during the first initial months of assuming full administrative responsibility for the STRR program, revise and refine standard operating procedures, and begin drafting an Executive Regulation for the program. DHCA anticipates publishing a draft Executive Regulation in the County Register for comment by September 30, 2025. DHCA will then work with the County Council to finalize and approve the Executive Regulation.

Recommendation 5: We recommend Finance:

- a. Identify and pursue methods to ensure the County collects all taxes owed by STRR property owners.

CAO Response: We concur with the recommendation. Finance currently has processes to ensure that all required taxes are remitted to the County. For self-reported excise tax programs such as STRR, processes have been focused on more significant instances of non-compliance. Finance recognizes that improved coordination with DHCA to identify hosts subject to the tax and enhanced education and outreach efforts create opportunities to increase tax remittance compliance. It should also be noted that, in certain circumstances, there are challenges in obtaining complete information to ensure its most effective use by the County. The Office of Inspector General had to issue subpoenas to obtain information from two brokers, and the data provided still did not include the complete information that would be useful to the County. Finance intends to assess whether current processes may be improved in a way that is cost-beneficial to the County, including determining if any potential changes to the law or Executive

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Regulation would be appropriate. Finance expects to be prepared to report on the results of this assessment process and any enhancements it has implemented by September 30, 2025.

Recommendation 6: We recommend Finance:

- a. Conduct routine audits of aggregate transient tax payments.

CAO Response: We concur with the intent of the recommendation. In light of the amount of tax currently remitted under the STRR program, the staff resources do not currently exist to implement such an audit program. Finance will need to assess the feasibility and the most effective audit approach and scope. Finance expects to have the results of this assessment completed by September 30, 2025.

Recommendation 7: We recommend Finance:

- b. Assess interest and penalties as outlined in the County Code when warranted.

CAO Response: We concur with the recommendation. Finance currently assesses interest and/or penalties for self-reported excise tax programs when significant instances of non-compliance are identified, and we will continue to do so in the future.

Thank you for bringing these matters to our attention.

cc: Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive
Scott Bruton, Director, Department of Housing and Community Affairs
Michael Coveyou, Director, Department of Finance
Bill Broglie, Internal Audit Manager, Office of the County Executive

APPENDIX B: RECOMMENDATION STATUS AND FOLLOW UP

This Appendix provides a summary of the findings and recommendations presented in this report along with the OIG’s assessment of the county’s progress towards addressing the recommendations. The OIG categorizes progress towards implementation into the following 4 status groups:

- Open Unresolved: No management response, inadequate response, or no agreement on corrective action plan.
- Open In Progress: Agreed on planned action, auditee is in the process of implementing stated actions, but no evidence of implementation has yet been provided to the OIG.
- Open Resolved: Auditee provided support to OIG indicating implementation was complete, OIG testing to ensure implementation.
- Closed: Recommendation has been implemented.

Finding #	Finding	Recommendation	CAO Response	Status
1	DHHS made minimal effort to enforce STRR Code provisions leading to unlicensed and ineligible STRRs and thousands of dollars in missed revenue.	1a: We recommend DHCA enforce compliance with applicable STRR Code provisions and licensure requirements.	Concur: DHCA anticipates publishing a draft Executive Regulation in the County Register for comment by September 30, 2025. DHCA will then work with the County Council to finalize and approve the Executive Regulation.	Open In Progress

APPENDIX A: CHIEF ADMINISTRATIVE OFFICER (CAO) RESPONSE

Finding #	Finding	Recommendation	CAO Response	Status
[REDACTED]		<p>1b: We recommend DHCA implement procedures to identify and maintain a current list of all STRRs operating in the county, including collaborating with Finance to ensure all properties that have remitted transient tax have a STRR license.</p>	<p>Concur: We anticipate implementing such procedures or identifying other legal or necessary changes to implement such procedures by or before September 30, 2025.</p>	<p>Open In Progress</p>
		<p>1c: We recommend DHCA communicate STRR program requirements to residents, hosts, and prospective hosts.</p>	<p>Concur: DHCA has launched a new STRR program webpage that contains program requirements, the online licensing application, FAQs, and directions for how to seek assistance. On October 1, DHCA also sent email blasts to hosts, notifying them that it is taking over administration of the STRR program from DHHS, informing them of their responsibilities as a host, and directing them to the new webpage. During December 2024, DHCA will hold</p>	<p>Open In Progress</p>

APPENDIX A: CHIEF ADMINISTRATIVE OFFICER (CAO) RESPONSE

Finding #	Finding	Recommendation	CAO Response	Status
			webinars for hosts and prospective hosts to explain STRR program provisions and licensure requirements and answer questions.	
2	Insufficient staffing and no formal policies or procedures exist to administer the STRR program.	2: We recommend DHCA implement formal policies and procedures to effectively manage the STRR program, to include defining staff roles and responsibilities.	Concur: DHCA anticipates publishing a draft Executive Regulation in the County Register for comment by September 30, 2025. DHCA will then work with the County Council to finalize and approve the Executive Regulation.	Open in Progress
3	The county does not require online brokers to provide sufficient detail when remitting aggregated tax payments.	3a: We recommend Finance identify and pursue methods to ensure the county collects all taxes owed by STRR property owners.	Concur: Finance expects to be prepared to report on the results of this assessment process and any enhancements it has implemented by September 30, 2025.	Open Unresolved

APPENDIX A: CHIEF ADMINISTRATIVE OFFICER (CAO) RESPONSE

Finding #	Finding	Recommendation	CAO Response	Status
[REDACTED]		<p>3b: We recommend Finance conduct routine audits of aggregate transient tax payments.</p>	<p>Concur: Finance will need to assess the feasibility and the most effective audit approach and scope. Finance expects to have the results of this assessment completed by September 30, 2025.</p>	<p>Open Unresolved</p>
		<p>3c: We recommend Finance assess interests and penalties as outlined in the County Code when warranted.</p>	<p>Concur: Finance currently assesses interest and/or penalties for self-reported excise tax programs when significant instances of non-compliance are identified, and we will continue to do so in the future.</p>	<p>Open Unresolved</p>