



What are short-term rentals?

Short-term rentals provide homeowners an opportunity to earn additional income by renting rooms or dwelling units for less than a month through advanced reservations. As short-term rentals grew in popularity through services like Air BnB, the Legislature enacted a regulatory framework to address municipal concerns about taxation, insurance, and health and safety concerns.

State Regulations: The Commonwealth requires operators of short-term rentals to obtain a certificate of registration with the Executive Office of Housing and Economic Development and the Massachusetts Department of Revenue. There is a [registry search here](#). Owners can register [their property here](#).

The state requires a \$1 million insurance policy unless the hosting platform provides greater coverage. The owner must post information about the location of fire extinguishers, gas shut off valves, fire exits, and fire alarms.

Taxes: The Commonwealth taxes short-term rentals at 5.7% of the rent and enables communities to adopt an additional local tax of as much as 6%. The Department of Revenue collects the local option tax and distributes it back to the town quarterly.

The City Council or Town Meeting approve local option taxes by a majority vote and communities can only amend the rate once in a 12-month period. The local option begins at the start of the following fiscal quarter from the adoption date.

The Legislature also enabled communities to adopt a community impact fee of 3% or less. A community must adopt the local option tax to enact a community impact fee and the legislative body must vote separately on the two local fees.

The Legislature requires that the community directs 35% of the community impact fee to support affordable housing or local infrastructure.

Local Regulations:

Cities and towns have adopted ordinances or zoning bylaws with a variety of conditions an owner must meet to operate including:

- **Safety:** Communities can require regular health and safety inspections, that the owner or manager live nearby, and/or carry additional insurance.
- **Economic:** A community can adopt a community impact fee and/or limit the total number of operating short-term rentals and/or number of days a property owner can rent the space.
- **Noise:** A community can dictate required lot sizes, locations, set an occupancy cap, and require permits for large gatherings.
- **Parking:** A community can set parking requirements.
- **Environmental:** Communities can obligate that the owner provides trash/recycling bins.

BRPC PROGRAMS

Community Planning Program
berkshireplanning.org/programs

Prevalence:

As of January 2023, a total of **1,891 short-term rental** operators in Berkshire County registered with the state. The total accounts for nearly 3% of the total number of housing units in the region.

Approximately **15 of Berkshire County's 32 cities and towns adopted local option taxes** between 4% and 6%. **Three communities adopted community impact fees or 3%.**

Example Bylaw:

Great Barrington: There are 300 short-term rentals registered with the state in Great Barrington, the town passed short-term rental bylaws at Town Meeting on June 6, 2022. The bylaw includes the following requirements:

- Owner must register with the town and may only operate one short-term rental.
- An owner can only rent up to two rooms.
- Allows unlimited number of rental days per year if the owner lives on property but limits properties where the owner does not live to 150 days.
- Prohibits corporations from owning short-term rentals.
- Sets post the following items in a conspicuous place:
 1. The owner must place its certificate of registration.
 2. The short-term rental street address.
 3. Contact information for the operator and whom to call in an emergency.
 4. Instructions for recycling and waste disposal.
 5. Notice that dogs must be leashed when outdoors if not in a securely fenced enclosure.
 6. Notice that no excessive noise shall occur after 8 p.m. or earlier than 8 a.m.
- Requires units to contain smoke detectors, carbon monoxide alarms, and a properly maintained and charged multi-purpose fire extinguisher.
- Prohibits short-term rental operation in buildings with unresolve building, fire, health, or town bylaw violations.
- Prohibits events that include amplified music or tents which would customarily require a license or permit.
- Prohibits signs on the property advertising the short-term rental.
- Subjects rentals to inspection by Health, Fire, or building inspector.
- Implements a fine structure for violations of \$100 fort first offense, \$200 for second offense, \$300 for third and subsequent offenses and each day accounts as a separate offense.

Resources:

- [Chapter 337 Acts of 2018](#)
- [Guidance - Technical Information Release \(Working draft\)](#)
- [Short-term Rental Presentation \(3/7/2019\)](#)
- [DLS Guidance - Adoption of Local Option Excise](#)
- [Sample Notification of Acceptance or Amendment of Local Excise](#)
- [Sample Warrant for Rooms Tax Adoption](#)
- [Sample Warrant for Rooms Tax Amendment](#)

Example Bylaws:

- [Great Barrington](#)
- [Stockbridge](#)
- [Lenox](#)
- [Washington](#)
- [Hull STR Bylaw](#)
- [Manchester-by-the-Sea STR Bylaw](#)
- [West Newbury STR Bylaw](#)

Additional Considerations:

The Commonwealth differentiates between professionally managed and owner-occupied short-term rentals. Towns have the flexibility to set different rules depending on the type of rental.

The Land Court ruled that short-term rentals are not accessory uses to a single-family home, nor can they be grandfathered into zoning.

A community should consider the impact short-term rentals have not only on individual operators but to the economy as a whole and local property values.