



**EL DORADO COUNTY**

**TREASURER – TAX COLLECTOR**  
**K. E. COLEMAN, MBA | M.ACC.**

360 Fair Lane, Placerville, CA 95667  
(530) 621-5800 | taxcollector@edcgov.us

April 16, 2024

Honorable Vicki Ashworth  
Presiding Judge of the El Dorado County Superior County  
459 Main St.  
Placerville, CA 95667

RE: Response to Case Number 24-04

Honorable Judge Ashworth:

Below you will find my response to the above noted Civil Grand Jury Investigation:

F3 - There is no compliance process to ensure the collection of all TOT revenues from short-term rental companies like Airbnb.

The Tax Collector disagrees with this finding. As more specifically set forth in response to Recommendation R3, the Tax Collector has an existing process to ensure the collection of TOT revenues from short-term rental companies and is currently working to further improve that process.

R3 - The Tax Collector should implement a compliance plan to ensure that all TOT taxes are identified and collected.

The recommendation has been implemented in part and will be fully implemented by October 31, 2024.

The Tax Collector makes significant effort to educate operators about their obligations. The Tax Collector has two Accountant Auditors that handle assessments and audits. Compliance monitoring software is used to identify properties offered for rent on platforms like Airbnb, VRBO and FlipKey. This software assists staff in determining accurate tax collection. Online rental companies (except Airbnb) collect TOT from renters through their platforms and submit them to the operator. The operator is to submit the taxes with their quarterly tax return. The tax returns are submitted by operators under the penalty of perjury. Assessments are conducted to collect unpaid taxes when illegal short-term rentals are discovered, and random audits are conducted to determine permitted/licensed taxpayers are compliant.

The Tax Collector will have a fully implemented compliance plan for the taxes submitted by Airbnb by October 31, 2024.

Airbnb is the only online rental platform company that pays the TOT directly to the County quarterly (as per the Voluntary Collection Agreement (VCA) executed by the Board of Supervisors on May 22, 2018). The VCA states, "The Taxing Jurisdiction agrees to audit

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Airbnb on an anonymized basis for Taxable Booking Transactions.” Anonymized audits pose challenges, as Airbnb agrees to cooperate with tax audits by providing anonymous booking transactions while protecting the privacy of its users by not disclosing personal identifiable information unless there is a legal requirement (such as a subpoena) to do so. However, if an error or anomaly is found or reported with Airbnb’s payments, the compliance plan has the Tax Collector request booking reports from the host and ask them for a letter permitting Airbnb to submit an independent report of the gross earnings summary (to the Tax Collector) for the time period in question. The Tax Collector will then audit the reports provided by both the host and Airbnb to determine the accuracy of tax payments.

Although the Tax Collector exercises reasonable efforts to maximize collection of TOT, ensuring the collection of all TOT from Airbnb and other short-term rental companies would be extremely difficult and would require substantial and significant resources to audit and reconcile over 1000 quarterly tax returns on an ongoing basis. Accordingly, to the extent the Grand Jury Report recommends implementation of a compliance plan to ensure that all TOT is collected from short-term rental companies, the recommendation will not be implemented because it is infeasible.

If you have any questions, please feel free to contact me at 530.621.5823.

Sincerely,

A handwritten signature in blue ink that reads "K. E. Coleman". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

K. E. Coleman, MBA  
Treasurer-Tax Collector