

Ky. General Assembly mulling crackdown on local government regulations of Airbnb, VRBO

By [Beth Musgrave](#) Updated October 22, 2024 3:56 PM



Lexington began enforcing rules regarding registration and fees of short-term rental operators on Jan. 11. The city says hundreds still haven't received appropriate licensing from the city. Colin Murphey *AP*

A lobbyist for the short-term rental industry urged a Kentucky legislative committee Tuesday to pass legislation tamping down local governments' ability to regulate vacation rentals listed on popular websites such as Airbnb and VRBO.

The industry wants two bills— one outlawing conditional use permits for short-term rentals — and a second allowing tenants to rent out their apartments if the owner of the property gives permission.

Many local governments, including Louisville, Lexington and now Frankfort,

require unhosted short-term rentals — where the owner does not live on site — to get a conditional use permit, a type of permit granted by planning boards.

“They are being used on people’s private residents to create a lot of hoops to jump through,” said Jason Underwood, of Capitol Strategies, a lobbyist for Airbnb. “It’s the not-in-my-backyard attitude that stifles growth.”

Underwood testified Tuesday before the Kentucky General Assembly’s Interim Joint Committee on Local Government. Underwood said he would be working with lawmakers to sponsor both bills when the General Assembly convenes in January.

Underwood said Airbnb estimates its total economic impact in Kentucky at well over \$606 million. Short-term rentals are necessary to keep one of Kentucky’s primary tourism engines — the Bourbon Trail — running. Many of distilleries located on the trail are in rural areas and short-term rentals help fill markets where hotels aren’t located, Underwood argued.

“It is critical to the tourism industry,” Underwood said.

Airbnb and short-term rental operators believe local governments can regulate short-term rentals through parking, noise and other requirements but should not over-regulate through zoning, including requiring a conditional use permit, he said.

The decisions planning boards make on conditional use permits are often arbitrary, difficult or sometimes impossible to appeal and often times require homeowners to hire a lawyer, he said.

The second bill Airbnb wants will make it clear tenants can rent out their apartments for short periods of time. This would help people in the military, people who travel frequently or even people who may want to rent out their apartments for big events such as the Kentucky Derby, Underwood said.

"It's a tenants' rights bill," Underwood said.

Legislators voice concerns over unpaid taxes

Rep. Randy Bridges, R-Paducah, said during Tuesday's legislative hearing that multiple local governments have contacted him about concerns Airbnb is not paying local hotel and motel taxes.

Underwood said Airbnb has agreements with large cities such as Lexington, Louisville and Bowling Green to remit local hotel and motel taxes. However, it could not remit those taxes to every locality because there are so many, he said.

The Kentucky League of Cities and other tourism groups sued Airbnb over its failure to remit those taxes in [December 2023](#). That lawsuit is still pending, Underwood said.

Bridges, who owns short-term rentals, said he disagreed. Bridges said he lists his properties on VRBO because it pays its taxes to local governments and tourism boards, the main beneficiary of local hotel taxes.

Underwood said that may be because VRBO does not have the same market share as Airbnb. Bridges said online listings showed VRBO had more listings in Kentucky than Airbnb.

Sen. Cassie Chambers Armstrong, D-Louisville, is a former Louisville Metro Council member. The requirement for a conditional use permits for non-hosted rentals was put in place because it's a business operating in a residential neighborhood, she said. Chambers Armstrong also represents the Highlands, which has a concentration of unhosted short-term rentals.

Unhosted short-term rentals are much more likely to generate noise and other complaints, which can result in more costs to city governments, including increased police calls, she said. It's also a burden for neighbors,

Chambers Armstrong said.

"The regulation of short-term rentals had broad bipartisan support," Chambers Armstrong said of Louisville's short-term rental ordinance. "I have a lot of concerns about what you are proposing."

Legislature has preempted local control in the past

This is not the first time the Kentucky General Assembly has considered bills stopping local governments from passing local regulations on housing-related issues.

300 Sherman Avenue, lower middle, in Lexington, Ky., is photographed on Sunday, March 10, 2024. There are at least 40 short-term rental between Henry Clay Boulevard and Walton Road, according to city records. Ryan C. Hermens rhermens@herald-leader.com

Lexington passed an ordinance [in January banning landlords](#) from discriminating against potential renters based on their source of income, including using Housing Choice or Section 8 vouchers.

Those who backed the source of income ban said it would help those using

vouchers find housing throughout the city rather than in certain areas.

The Kentucky General Assembly then passed a bill in February banning local governments [from enacting source of income bans](#), overriding a veto from Gov. Andy Beshear to do so.

Multiple local governments have enacted ordinances regulating short-term rentals.

Lexington's short-term rental ordinance for rentals inside the urban service boundary that took effect in January. The Lexington-Fayette Urban County Council is now [considering several changes](#) to that ordinance, including stiffer regulations on how many short-term rentals can be located in a neighborhood.

Those changes came about after multiple neighborhoods saw a proliferation of short-term rentals in their neighborhoods, including Kenwick near downtown Lexington.

The council is also considering regulations on short-term rentals in the rural area, or those located outside the urban service boundary. Those regulations are more stringent than inside the urban service area.

This story was originally published October 22, 2024, 2:01 PM.