



MASSACHUSETTS DEPARTMENT OF REVENUE

Christopher C. Harding, Commissioner

ROOM OCCUPANCY AND THE WATER PROTECTION FUND EXCISE

Effective July 1, 2019 rentals in Barnstable County subject to occupancy tax are also subject to the 2.75% Cape Cod & Islands Water Protection Fund Excise:

- Short term-rentals
- Traditional Lodgings
 - Hotels and Motels
 - Lodging houses
 - Bed & Breakfast Establishments

The water protection fund excise is collected from the occupant, along with the rent, by either the operator or an intermediary.

Room occupancy taxes are paid over to DOR on the 20th of each month. The first tax return under the new law is due August 20th. The room occupancy return includes state excise and where applicable, local option excise, community impact fees, water protection fund excise and convention center financing fees.

DOR allocates state room occupancy tax to the general fund, local option tax and community impact fees to the applicable municipality and the water protection fund excise to the Cape Cod & Islands Water Protection Fund. Payments will be transferred to the fund on a quarterly basis starting September 20th.

Island towns will notify DOR if they have voted to join the fund using the existing process for adopting other local option taxes. The excise generally becomes effective in the following quarter at least 30 days after the vote.

DEFINITIONS

“Bed and breakfast establishment”, a private owner-occupied house where not less than 4 rooms are let, a breakfast is included in the rent and all accommodations are reserved in advance.

“Bed and breakfast home”, a private owner-occupied house where not more than 3 rooms are let, a breakfast is included in the rent and all accommodations are reserved in advance. (exempt)

“Intermediary”, a person or entity, other than an operator, that facilitates the sale, use or possession of an occupancy and charges a room charge to the general public; provided, however, that the term “facilitates” shall include a person or entity that brokers, coordinates or in any other way arranges for the purchase, sale, use or possession of occupancies by the general public; provided further, that the term “intermediary” shall include a hosting platform and operator’s agent.

“Operator”, a person operating a bed and breakfast establishment, hotel, lodging house, short-term rental or motel in the commonwealth including, but not limited to, the owner or proprietor of such premises, the lessee, sublessee, mortgagee in possession, licensee or any other person otherwise operating such bed and breakfast establishment, hotel, lodging house, short-term rental or motel.

“Short-term rental”, an owner-occupied, tenant-occupied or non-owner occupied property including, but not limited to, an apartment, house, cottage, condominium or a furnished accommodation that is not a hotel, motel, lodging house or bed and breakfast establishment, where: (i) at least 1 room or unit is rented to an occupant or sub-occupant; and (ii) all accommodations are reserved in advance; provided, however, that a private owner-occupied property shall be considered a single unit if leased or rented as such.

RESOURCES

- www.mass.gov/dor/roomocc
- www.mass.gov/localoptions
- **Technical Information Release 19-3**
- **Regulation coming soon – check room occupancy web page**
- **MGL CH 64G and 29C as amended by CH 337 Acts of 2018**

DOR CONTACT INFORMATION

- **Contact center 617-887-6367**
- **Dana Ackerman, Taxpayer Advocate**
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