ORDINANCE #2025-20

AN**ORDINANCE** \mathbf{BY} THE MUNICIPALITY OF PRINCETON REGULATING SHORT-TERM RENTALS, **IMPOSING OCCUPANCY TAX ON TRANSIENT** ACCOMMODATIONS AND AMENDING CHAPTERS 15A AND 16 OF THE "CODE OF THE **BOROUGH OF PRINCETON, NEW JERSEY, 1974.**"

WHEREAS, the Municipality of Princeton ("Princeton") is vested with the authority under New Jersey law to, among other things, regulate the use and occupancy of residential structures, N.J.S.A. 40:48-2.12a., and to adopt such other regulations for the preservation of the public health, safety and welfare of Princeton and its inhabitants, N.J.S.A. 40:48-2; and

WHEREAS, pursuant to this authority, Princeton established a Short-Term Rental Workgroup ("Workgroup"), comprised of representatives from the Office of Rental Housing in the Department of Health and Community Services, Planning Department, Office of Zoning and Department of Administration, as well as the Deputy Administrator/Director of Health and Council Members, which has thoroughly studied and investigated the use of residential property for purposes of short-term rentals and manner in which short-term rentals are regulated by other New Jersey municipalities; and

WHEREAS, based on its research, the Workgroup has found that the letting of residential property for short-term rental impacts: (1) the supply, affordability and availability of long-term residential housing in the community; (2) the character and density of residential neighborhoods; and (3) the overall public health, safety and welfare of a community and its inhabitants; and

WHEREAS, the Workgroup has also found, based on its research, that there are benefits to permitting residents to lease their homes as short-term rentals, including but limited to enabling residents to off-set the increasing costs of homeownership and long-term rentals; and

WHEREAS, limiting short-term rental to owners and tenants of permanent housing is more likely to ensure the responsible leasing, use and oversight of the units, and the protection of the character of the residential neighborhoods in which they are located; and

WHEREAS, the reasonable use of residential housing as short-term rentals has additional benefits to the community, such as contributing to the economic vitality of the community by providing visitors an alternative option for accommodations; and

WHEREAS, based on the foregoing, Princeton seeks to establish regulations governing the letting of short-term rentals in Princeton to: enable property owners and long-term lessees to let their homes for short-term rental purposes; protect the integrity, character and density of Princeton's residential neighborhoods; ensure a sufficient long-term housing supply; implement an organized process for permitting and inspecting short-term rentals; and create and enforce maintenance standards to protect renters and occupants of short-term rentals and mitigate the possible negative impact of short-term rentals on Princeton neighborhoods; and

WHEREAS, Princeton also seeks to clarify and update its existing requirements under Chapter 16 to ensure that rentals of property in Princeton for periods of 30 or more days shall be required to register under the existing provisions of Article III, "Regulation of Rental Housing," of Chapter 16 of the Code; and

WHEREAS, in addition to the foregoing, Princeton seeks to extend the three-percent "occupancy tax" under Chapter 15A of the Code that currently applies to occupancies of hotels in

Princeton to rentals of residential property that qualify as "transient accommodations" under State law, which will likely include some, but not all, short-term rentals.

NOW, THEREFORE, BE IT ORDAINED by the Council of the Municipality of Princeton, New Jersey, as follows:

Section 1. Chapter 16 of the "Code of the Borough of Princeton, New Jersey (1974)" ("Borough Code"), entitled "Housing," is hereby amended by adding a new Article VIII. thereto to read as follows:

ARTICLE VIII.

SHORT-TERM RENTALS

Sec. 16-77. Purpose.

The purpose of this article is to establish reasonable regulations and restrictions concerning the letting of real property in Princeton as short-term rentals in a manner that enables property owners and long-term lessees to appropriately utilize real property for short-term rental in Princeton while protecting the health, safety and welfare of occupants of short-term rentals, Princeton's residents and the community at large.

Sec. 16-78. Definitions

For the purposes of this article, the following words and phrases shall have the meanings respectively ascribed to them by this section:

ACCESSORY DWELLING UNIT

Means "accessory dwelling unit" as defined in section 17A-201 of this Code.

ATTACHED DWELLING

Means "dwelling, attached" as defined in section 17A-201 of this Code.

DWELLING UNIT

Means "dwelling unit" as defined in section 17A-201 of this Code.

LONG-TERM LESSEE

Means a tenant of real property subject to a tenancy of at least six months who is authorized by the owner to sublet that real property for purposes of a short-term rental under this article.

MULTIPLE DWELLING

Means "dwelling, multiple" as defined in section 17A-201 of this Code.

ONE-FAMILY DWELLING

Means "dwelling, one-family" as defined in section 17A-201 of this Code.

OWNER

Means the record owner of real property proposed for use as a short-term rental.

OWNER'S REPRESENTATIVE

A person designated in writing by the owner to act on the owner's behalf under this article.

PERMITTEE

Means an owner or long-term lessee who has been issued a permit for a short-term rental under the provisions of this article. "Permittee" shall also mean the owner's representative when granted a permit that complies with section 16-88c.

PRINCIPAL RESIDENCE

Means the address: (1) where at least one of the owners (or long-term lessees), as defined herein, spends the majority of their non-working time; (2) which is the center of the owner's or long-term lessee's domestic life; and (3) which is identified on the owner's or long-term lessee's driver's license, voter registration card or state identification card as said owner's or lessee's legal address. All the above requirements must be met in order for an address to be considered a principal residence for purposes of this article.

SHORT-TERM RENTAL OR STR

Means a lease of a dwelling unit, or portion thereof, with a term of less than 30 days.

TRANSIENT ACCOMMODATION

Means "transient accommodation" as defined in N.J.S.A. 54:32-2(ggg).

TWO-FAMILY DWELLING

Means "dwelling, two-family" as defined in section 17A-201 of this Code.

Sec. 16-79. Prohibitions and General Requirements; Exceptions.

- a. It shall be unlawful for any person to advertise for rent, rent to another person or operate a short-term rental of real property located in Princeton unless in compliance with the provisions of this article.
- b. Short-term rentals shall only be permitted in the types of real property in Princeton identified in section 16-80 below. Except as may be permitted in subsection f. below, short-term rentals shall be prohibited in any other type of real property in Princeton.

- c. Except as provided in section 16-88, prior to advertising for rent, renting to another person or operating a short-term rental of real property in Princeton, the owner or long-term lessee shall apply for and obtain a permit from the Princeton Rental Housing Inspections Office in accordance with sections 16-81 and 16-82 below and comply with all other requirements and conditions required in this article.
- d. Nothing in this article shall exempt any person from compliance with any and all other laws, regulations and ordinances that may apply to the advertising for rent, rental or use of any real property within Princeton, including but not limited to provisions regulating housing, parking, zoning, land use and noise.
- e. The requirements of this article shall apply regardless of (1) whether the real property is successfully rented as a short-term rental and (2) the frequency of occupancy of a property as a short-term rental.
- f. The following shall be exempt from the permit and other requirements of this article: any hotel, motel, studio hotel, rooming house, dormitory, public or private club, bed and breakfast inn, convalescent home, rest home, home for aged people, foster home, halfway house, transitional housing facility, or other similar facility operated for the care, treatment, or reintegration into society of human beings; any housing owned or controlled by an educational institution and used exclusively to house students, faculty or other employees with or without their families; any housing operated or used exclusively for religious, charitable or educational purposes; or any housing owned by a governmental agency and used to house its employees or for governmental purposes.

Sec. 16-80. Properties Eligible for Short-Term Rental.

- a. A short-term rental shall be permitted in a dwelling unit within Princeton if the dwelling unit is the owner's or long-term lessee's principal residence, subject to the following limitations:
 - 1. If the dwelling unit is a one-family or attached dwelling unit, then the dwelling unit may be used as a short-term rental if it is the owner's or long-term lessee's principle residence;
 - 2. If the dwelling unit is part of a two-family dwelling, then up to two dwelling units may be used as short-term rentals if at least one of the dwelling units is the owner's or long-term lessee's principal residence;
 - 3. If the dwelling unit is part of a multiple dwelling, then up to two dwelling units may be used as short-term rentals if at least one dwelling unit is the owner's or long-term lessee's principal residence; and

- 4. If the dwelling unit is an accessory dwelling unit, then the accessory dwelling may be used as a short-term rental when the principal, one-family dwelling is the owner's or long-term lessee's principal residence.
- b. A short-term rental shall also be permitted in a dwelling unit that does not otherwise comply with the specific requirements of subsections 16-80a.1 through 4 above when in strict compliance with the provisions of section 16-88c. below.

Sec. 16-81. Application for Permit Requirements.

- a. Except as provided in section 16-88, the owner or long-term lessee of a short-term rental shall obtain a permit from the Princeton Rental Housing Inspections Office before advertising for rent, renting to another person or operating any short-term rental. A separate short-term rental permit shall be required for each short-term rental unit even if multiple short-term rental units (i.e., a two-family or multiple dwelling), have common ownership.
- b. The applicant shall apply for the permit by filing an application on forms provided by the Rental Housing Inspections Office.
- c. The application for a short-term rental permit shall, at a minimum, include the following information to be deemed complete:
 - 1. The name, address, cell phone number and email address of the owner of the real property for which the short-term rental permit is requested. If the owner is not an individual, then the application shall include the names of all parties, officers and/or directors of the entity and contact information for each of them;
 - 2. The name, address, cell phone number and email address of the person requesting the permit, if the person making the application is a long-term lessee. The application shall include written authorization from the owner that the long-term lessee is authorized to file the application and utilize the property as a short-term rental;
 - 3. The location and description of the real property for which the short-term rental permit is sought, including:
 - a. Street address and tax map reference (lot and block);
 - b. Details regarding the areas to be rented or used by occupants (including bedrooms, kitchen, bathroom facilities), and a floor plan with room measurements; and

- c. Details regarding available parking for the short-term rental, including the number and location of off-street and on-street parking spaces for use by the short-term rental occupants;
- 4. The type of real property and verification that the real property qualifies for short-term rental, as authorized in subsection 16-80 above, and as follows:
 - a. Proof that the owner's or long-term lessee's principal residence is the proposed short-term rental unit as required by section 16-80a., including the following documentation:
 - 1. A copy of the owner's or long-term lessee's New Jersey driver's license or New Jersey non-driver identification card;
 - 2. A copy of the front page of the owner's or long-term lessee's Federal 1040 tax return where the tax identification number and financial information has been redacted (past immediate two years for initial permit applications; the immediate past year for renewals); and
 - 3. A copy of the owner's or long-term lessee's bank statement with account numbers and financial information redacted from the past three months, showing the owner's or long-term lessee's address.
- 5. The applicant's agreement to use best efforts to ensure that use of the property as a short-term rental will comply with the provisions of this article and other Princeton ordinances regulating land use, zoning, parking and noise, and acknowledgment that the failure to comply with the provisions of this article and other Princeton ordinances regulating land use, zoning, parking and noise may result in revocation of a short-term rental permit under section 16-86;
- 6. The applicant's acknowledgment that the applicant has received a copy of this article and agrees to be bound by it;
- 7. The applicant's verification that:
 - a. There are no open construction permits for the property at which the short-term rental is located;
 - b. There are no delinquent or overdue taxes, sewer charges or other outstanding municipal fees for the property at which the short-term rental is located; and

- c. There are no open housing, noise, code enforcement, zoning, solid waste, recycling or other municipal violations in connection with the property at which the short-term rental is located;
- 9. The name, address, telephone number and email address of the person who shall be responsible for communications with the Rental Housing Inspections Office concerning the short-term rental. The person shall be the owner, owner's representative or long-term lessee (as those terms are defined above), and shall be available seven days a week, twenty-four hours a day during short-term rentals;
- 10. Proof of sufficient liability insurance for each short-term rental unit that is subject to the short-term rental, which shall be in a minimum amount of \$500,000 for property damage and personal injury;
- 11. Application fee in the amount of \$200.00 per short-term rental unit, which shall be nonrefundable;
- 12. A copy of the eight-and-one-half-inch by eleven-inch placard to be placed on the inside surface of the front door of the short-term rental unit as required by this article; and
- 13. Any other information reasonably required to ensure compliance with this article.

Sec. 16-82. Application Review and Permit Issuance Procedures; Permit Conditions.

- a. Upon the filing of a complete application, which shall also include the payment of the application fee to Princeton, the Rental Housing Inspections Office shall review each application for short-term rental and complete an on-site inspection of each proposed unit to ensure compliance with this article, pursuant to the authority vested under section 16-4 of this Code.
- b. The Rental Housing Inspections Office shall either issue the short-term rental permit or issue a written denial of the permit (with the reasons for such denial being stated therein). The Rental Housing Inspections Office shall also be authorized to provide an applicant with an opportunity to cure a minor deficiency in the application in lieu of a denial. As used here, a "minor deficiency" shall mean an immaterial omission or other condition that does not substantially impact health or safety, and can be easily corrected.
- c. If the Rental Housing Inspections Office determines that the application for short-term rental complies with the requirements of this article, then the Rental Housing Inspections Office shall issue a permit. If granted:

- 1. The permit shall only be issued to the owner, long-term lessee or owner's representative when authorized by this article;
- 2. The permit shall be valid for a period of one year from date of issuance;
- 3. The permit shall be assigned an identifying number. The permittee shall publish the identifying number of the short-term rental permit in every print, digital or internet advertisement and any real estate agency listing or multiple listing service (MLS) advertising the property for permitted short-term rental;
- 4. The permit shall not be transferrable or assignable to any person or entity or for use at any other property location or unit other than the unit for which it is issued;
- 5. A short-term rental permit shall automatically terminate upon revocation of a permit, a change of ownership of the short-term rental property or change in long-term tenancy of the short-term rental property. If the unit is thereafter to be used again as a short-term rental property, then a new application and permit shall be required and shall be subject to the same procedures, requirements and fees as required in the initial application process; and
- 6. Except as provided in section 16-88, the failure to obtain a valid short-term rental permit prior to advertising the short-term rental property in any print, digital, or internet advertisement or web-based platform, and/or in the MLS or any realtor's property listing shall be a violation of this article.
- d. The failure to submit all required information or comply with the application requirements shall result in a denial of a permit. If denied, the applicant may appeal the denial in writing by filing an appeal with the Rental Housing Inspections Office within ten business days of the date of the denial. The health officer shall hear and decide the appeal within thirty days of receipt of the written appeal. The health officer's decision shall be final.

Sec. 16-83. Application for Renewal.

- a. If the permittee seeks to renew a short-term rental permit, then the permittee shall submit an application for renewal on forms provided by the Rental Housing Inspections Office with a \$100 renewal fee at least thirty days prior to the expiration of the initial permit.
- b. The permittee shall be required to complete a self-inspection of the unit in accordance with a checklist maintained and provided by the Rental Housing Inspections Office. The Rental Housing Inspections Office shall be authorized to complete an on-site inspection as may be necessary as part of its review of a renewal application.

- c. The permittee shall not be eligible for renewal of a short-term rental permit if the permittee has had any convictions of violating any Princeton ordinance regulating housing, occupancy tax, zoning, land use, parking, noise, solid waste or recycling in connection with the property that is the subject of the short-term rental during the immediately preceding one-year period.
- d. The remaining application requirements set forth in sections 16-81 and 16-82 above, and other relevant requirements of this article, shall apply equally to applications for renewal.

Sec. 16-84. Occupancy Tax.

Permittees shall be responsible to pay a tax of 3% of charges of rent for every occupancy of a short-term rental unit when the unit also qualifies as a "transient accommodation" in accordance with the provisions of chapter 15A of this Code. Such tax shall be in addition to any other tax or fee imposed pursuant to statute or local ordinance or resolution by any governmental entity upon the occupancy of the short-term rental, including but limited to sale and use taxes.

Sec. 16-85. General Regulations for Operation of Short-Term Rentals.

- a. All short-term rentals must comply with all applicable rules, regulations and ordinances of Princeton, including but not limited to the provisions of this chapter, and all applicable rules, regulations and statutes of the State of New Jersey, including regulations governing such lodging uses, as applicable. The permittee shall ensure that the short-term rental is used in a manner that complies with all applicable laws, rules and regulations pertaining to the use and occupancy of a short-term rental. Failure to comply shall be grounds for revocation of the short-term rental permit.
- b. Permittees shall (1) maintain a ledger for all permitted short-term rentals, recording for each such rental the name(s) and address(es) of all occupants and the dates and duration of the rental; and (2) retain the ledger and copies of all related rental agreements for at least two years. These documents shall be subject to inspection by the Rental Housing Inspections Office upon reasonable request.
- c. All permitted short-term rentals and the properties in which they are located shall comply with the municipal housing code under section 16-3A of this Code, including but not limited to the occupancy limitations outlined in section 16-3A(c).
- d. The permittee shall not install or permit the installation of any advertising or identifying mechanisms, such as signage, including lawn signage, on the exterior of the property (or which is visible from the public right of way) identifying the property for rent as a short-term rental property.

- e. In the event any complaint is received by the municipal clerk, police department or other agency having jurisdiction concerning the use or occupancy of the short-term rental property or alleging a violation of applicable laws and regulations by the occupants, the owner, owner's representative or long-term lessee shall be responsible for taking action required to resolve the complaint. The response to all complaints shall be coordinated through the municipal clerk.
- f. Whenever the short-term rental is occupied by renters, the owner, owner's representative or long-term lessee shall be available 24 hours per day and seven days per week for the purpose of responding to complaints regarding the condition, maintenance or operation of the property, the conduct of occupants or the presence of a nuisance. The required response time shall be two hours or less. The failure of the owner, owner's representative or long-term lessee to respond within this time shall constitute a violation of this article.
- g. The permittee shall prominently post on the interior of the front door of the unit and keep current an eight-and-one half by eleven-inch placard providing the following information:
 - 1. Name and phone number of the person who holds the permit for the short-term rental;
 - 2. Name and phone number of the owner's representative (if different from the owner);
 - 3. Phone numbers for the police department and municipal clerk;
 - 4. Maximum number of permitted occupants;
 - 5. Trash and recycling pickup day and all applicable rules and regulations regarding trash disposal and recycling;
 - 6. Rules concerning parking; and
 - 7. Notification that an occupant, as well as the permittee and/or owner's representative, shall be subject to prosecution for violations of Princeton ordinances and applicable laws.

Sec. 16-86. Revocation of Permit.

- a. A permit may be revoked by the Rental Housing Inspections Office for any of the following causes:
 - 1. Fraud, misrepresentation or false statements contained in the application for permit;

- 2. Fraud, misrepresentation or false statement made in the course of carrying out activities pursuant to the permit; or
- 3. Conviction of violating any provision of this article or another Princeton ordinance relating to the short-term rental property.
- b. Notice of revocation shall be provided to the permittee in writing, setting forth the grounds for revocation, notifying the permittee of a right to a hearing prior to the revocation taking effect and applicable time periods for challenging the revocation. The notice shall be served personally upon the permittee or sent via certified mail to the permittee's address.
- c. The permittee shall have the right to a hearing before the health officer. The hearing shall take place within 30 days of the original notice, and the hearing officer's decision shall be final. If the permittee does not participate in a hearing, then the revocation shall take effect as indicated in the notice from the Rental Housing Inspections Office and shall be in effect for one-year from its commencement.

Sec. 16-87. Enforcement, Violations and Penalties.

- a. The provisions of this article shall be subject to enforcement by the Princeton police department, zoning officer, health officer, construction official, fire official and rental housing inspector.
- b. Any person violating any provision of this article shall, upon notice, immediately cease and desist the conduct or condition which is the reason for the violation.
- c. Violations of this article shall be subject to fines and penalties including a fine up to \$1,250, imprisonment for any term not exceeding 90 days, and/or a period of community service not exceeding 90 days. Each day the violation has continued shall constitute a separate violation.
- d. The fines and/or penalties for violation of this article shall be in addition to any and all remedies available under this article, applicable laws and other Princeton ordinances.

Sec. 16-88. Dwelling Units in Use as Short-Term Rentals as of Effective Date of Article.

a. A dwelling unit that is in use as a short-term rental as of the effective date of this article may continue to be used as a short-term rental without interruption only when in compliance with either subsection b. or c. of this section. As used in this section, a dwelling unit or accessory dwelling unit is in "use" as a short-term rental if, during the 180 days immediately preceding the effective date of this article, the unit has been, (1) on at least one occasion, rented as a short-term rental to a third

party and/or (2) actively advertised for rental as a short-term rental for at least 30 consecutive days.

- b. If the dwelling unit is the owner's or long-term lessee's principal residence in accordance with the provisions of section 16-80a., then the owner or long-term lessee may continue to use the dwelling unit as a short-term rental as long as the owner or long-term lessee applies for a permit within 30 days of the effective date of this article in accordance with the provisions of section 16-81 and complies with all other provisions of this article. In the event the Rental Housing Inspection Office denies the permit, the owner or short-term lessee's right to continue to use the short-term rental unit shall immediately terminate. The applicant shall retain the right of appeal set forth in section 16-82d.
- c. A dwelling unit that is in use as a short-term rental that is not the principal residence of the owner or long-term lessee in accordance with the provisions of section 16-80a. may continue to be used as a short-term rental following the effective date of this article for a period of thirty-six months therefrom when in strict compliance with this subsection 16-88c.
 - 1. Only the owner, long-term lessee or owner's representative may apply for a permit under this subsection.
 - 2. The applicant shall apply within 30 days of the effective date of this article in accordance with the provisions of section 16-81, except that if the owner's representative is the applicant, then the application shall include written authorization from the owner that said representative is authorized to file the application.
 - 3. The applicant shall provide documentation demonstrating that the dwelling unit is "in use" as a short-term rental as of the effective date of this article.
 - 4. In the event the Rental Housing Inspection Office denies the permit, the ability to continue to use the short-term rental unit shall immediately terminate. The applicant shall retain the right of appeal set forth in section 16-82d.
 - 5. The owner, long-term lessee or owner's representative shall comply with all other provisions and requirements of this article for the duration of use of the dwelling unit as a short-term rental.

Following the expiration of the thirty-six month period from the effective date of this article, no person shall be permitted to operate a short-term rental unless in compliance with the provisions of subsection 16-80a. above.

Section 2. Section 16-23, "Registration of Rental Dwellings Required," of Chapter 16 of the Borough Code is hereby amended as follows (additions are <u>underlined</u> and deletions are [bracketed]):

ARTICLE III.

REGULATION OF RENTAL HOUSING

Sec. 16-23. Registration of Rental Dwellings Required.

Except as provided in this section or section 16-25, [E]every building or part thereof that is rented or held for rent for human habitation shall be registered by the owner with the rental housing coordinator <u>pursuant to section 16-26 below</u> prior to the issuance of a certificate required by Section 16-7 of this Code, and every two years thereafter. <u>This registration requirement shall apply to every rental regardless of the period of time of occupancy of a rental.</u>

- (a) A certificate of registration issued by the State Commissioner of the Department of Community Affairs for rooming and/or boarding homes pursuant to N.J.S.A. 55:13B-1 et seq. shall be deemed to satisfy the requirements of this section.
- (b) A certificate of registration issued by the State Commissioner of the Department of Community Affairs for multiple family dwellings pursuant to N.J.S.A. 46:8-28 and N.J.S.A. 55:13A-1 et seq. shall be deemed to satisfy the requirements of this section.
- (c) A permit issued by the Princeton Rental Housing Inspections Office under article

 VIII, "Short-Term Rentals," shall be deemed to satisfy the requirements of this section.

Section 3. Chapter 15A of the Borough Code, entitled "Hotel Usage Tax," is hereby amended by changing its title and substance as follows (deletions are [bracketed] and additions are underlined).

CHAPTER 15A. HOTEL <u>AND TRANSIENT ACCOMMODATION</u> USAGE TAX

Sec. 15A-1. Tax Imposed.

The municipality does hereby impose a tax, at a uniform percentage rate of one percent on charges of rent for every occupancy on or after July 1, 2003 but before July 1, 2004, and three percent on charges of rent for every occupancy on or after July 1, 2004, on a room or rooms in a hotel subject to taxation pursuant to the New Jersey State Sales Tax,

more specifically set forth in subsection (d) of section 3 of P.L. 1966, c.30 (N.J.S.A. 54:32B-3). Upon the effective date of Ordinance (article VIII of chapter 16 of this Code), there shall also be a tax of three percent of charges of rent on a room or rooms in a transient accommodation subject to taxation pursuant to the New Jersey State Sales Tax, more specifically set forth in subsection (d) of section 3 of P.L. 1966, c.30 (N.J.S.A. 54:32B-3). A tax imposed under this section shall be in addition to any other tax or fee imposed pursuant to statute or local ordinance or resolution by the municipality. Any unpaid taxes under this chapter shall be subject to interest at a rate of five percent per annum.

The terms used in this chapter, including but not limited to "hotel," "occupancy", [and] "room," "transient accommodation" and "transient space marketplaces" shall be as defined in N.J.S.A. 54:32B-2.

Sec. 15A-2. Copy of Chapter to State Treasurer; Effective Date; Annual Submission to State Treasurer.

A copy of this chapter and any amendment thereto shall be transmitted upon adoption or amendment to the State Treasurer, along with a list of the names and addresses of all hotels, [and] motels and transient accommodations located within the municipality. This chapter or any amendment thereto shall take effect on the first day of the first full month occurring thirty days after the date of transmittal to the State Treasurer during calendar year 2003 and on the first day of the first full month occurring ninety days after the date of transmittal to the State Treasurer for any amendments adopted in calendar year 2004 and thereafter.

Princeton shall annually provide to the State Treasurer, no later than January 1 of each year, a list of the names and addresses of all hotels, [and] motels and transient accommodations located in the municipality, as well as the name and address of any hotel, [or] motel or transient accommodation that commences operation after January 1 of any year.

Sec. 15A-3. Conformance With State Statutes.

The [Hotel O]occupancy tax established under this chapter shall be administered in conformance with Section 4 of Chapter 114 of the Laws of 2003 as follows:

- a. All taxes imposed by this chapter shall be paid by the purchaser or guest renting a hotel, motel or transient accommodation room;
- b. A [vendor or] hotel establishment, motel or transient accommodation (hereinafter "vendor") shall not assume or absorb any tax imposed by this chapter;
- c. A vendor shall not in any manner advertise or hold out to any person or to the public in general, in any manner, directly or indirectly, that the tax will be assumed or absorbed by the vendor, that the tax will not be separately charged and stated to the

- customer or hotel, motel or transient accommodation guest, or that the tax will be refunded to the customer;
- d. Each assumption or absorption by a vendor of the tax shall be deemed a separate offense and each representation or advertisement by a vendor for each day the representation or advertisement continues shall be deemed a separate offense; and
- e. Any violation of this section shall be subject to the penalties provided for in section 1-6 of this Code. Each violation of a provision of this section shall be considered a separate offense and a separate offense shall be deemed committed on each day during which or on which a violation occurs or continues.

Sec. 15A-4. Collection of Tax.

- a. A tax imposed pursuant to this chapter shall be collected on behalf of the municipality by the person collecting the rent from the hotel <u>or transient</u> accommodation customer.
- b. Each vendor or person required to collect a tax imposed by the chapter shall be personally liable for the tax imposed, collected or required to be collected hereunder. Any such vendor or person shall have the same right in respect to collecting the tax from a customer or hotel or transient accommodation guest as if the tax were a part of the rent and payable at the same time; provided, however, that the chief fiscal officer of the municipality shall be joined as a party in any action or proceeding brought to collect the tax.
- c. Notwithstanding any other provision of law or administrative action to the contrary, transient space marketplaces shall be required to collect and pay on behalf of persons engaged in the business of providing transient accommodations located in this State the tax for transactions through the transient space marketplace. For not less than four years following the end of the calendar year in which the transaction occurred, the transient space marketplace shall maintain the following data for those transactions consummated through the transient space marketplace:
 - 1. The name of the person who provided the transient accommodation;
 - 2. The name of the customer who procured occupancy of the transient accommodation;
 - 3. The address, including any unit designation, of the transient accommodation;
 - 4. The dates and nightly rates for which the consumer procured occupancy of the transient accommodation;
 - 5. The municipal transient accommodation registration number, if applicable;

- 6. A statement as to whether such booking services will be provided in connection with (i) short-term rental of the entirety of such unit, (ii) short-term rental of part of such unit, but not the entirety of such unit, and/or (iii) short-term rental of the entirety of such unit, or part thereof, in which a non-short-term occupant will continue to occupy such unit for the duration of such short-term rental;
- 7. The individualized name or number of each such advertisement or listing connected to such unit and the uniform resource locator (URL) for each such listing or advertisement, where applicable; and
- 8. Such other information as the Division of Taxation may by rule require.

Sec. 15A-5. Filing of Return with Director of Division of Taxation.

- a. A person required to collect a tax imposed pursuant to the provisions of this chapter shall, on or before the dates required pursuant to section 17 of P.L. 1966, c.30 (C.54:32B-17), forward to the Director of the Division of Taxation in the New Jersey Department of the Treasury (hereinafter the "Director"), the tax collected in the preceding month and make and file a return for the preceding month with the Director on any form and containing any information as the Director shall prescribe as necessary to determine liability for the tax in the preceding month during which the person was required to collect the tax.
- b. The Director may permit or require returns to be made covering other periods and upon any dates as the Director may specify. In addition, the Director may require payments of tax liability at any intervals and based upon any classifications as the director may designate. In prescribing any other periods to be covered by the return or intervals or classifications for payment of tax liability, the Director may take into account the dollar volume of tax involved as well as the need for ensuring the prompt and orderly collection of the tax imposed.
- c. The Director may require amended returns to be filed within twenty days after notice and to contain the information specified in the notice.

Sec. 15A-6. Director to Administer Tax.

- a. The Director shall collect and administer any tax imposed pursuant to the provisions of section 3 of Chapter 114 of the Laws of 2003. In carrying out the provisions of this section, the Director shall have all the powers granted in P.L. 1966, c.30 (C.54:32B-1 et seq.).
- b. The Director shall determine and certify to the State Treasurer on a quarterly or more frequent basis, as prescribed by the State Treasurer, the amount of revenues

collected for the municipality pursuant to section 3 of Chapter 114 of the Laws of 2003.

- c. The State Treasurer, upon the certification of the Director and upon the warrant of the State Comptroller, shall pay and distribute to the municipality on a quarterly or more frequent basis, as prescribed by the State Treasurer, the amount of revenues determined and certified under subsection (b) of this section. The State Treasurer shall include within each distribution of tax revenue a list of all of the hotels, [and] motels and transient accommodations in the municipality that submitted municipal occupancy tax revenue to the State as required by subsection (a) of section 15A-5.
- d. A tax imposed pursuant to the provisions of this chapter shall be governed by the provisions of the "State Uniform Tax Procedure Law," N.J.S.A. 54:48-1 *et seq*.

Sec. 15A-7. Written Notification of Nonpayment of Taxes; Actions of Municipality.

- a. The State Treasurer shall annually provide to the municipality written notification of nonpayment by a hotel, [or] motel or transient accommodation of taxes required to be paid under this chapter. The written notification required shall also authorize the municipality to act as the collection agent for the outstanding balance of taxes due and owing to it in place of the State Treasurer.
- b. In the event that the tax imposed under this chapter is not paid as and when due by a hotel, [or] motel or transient accommodation, the unpaid balance, and any interest accruing thereon, shall be a lien on the parcel of real property comprising the hotel, [or] motel or transient accommodation in the same manner as all other unpaid municipal taxes, fees, or other charges. The lien shall be superior and paramount to the interest in such parcel of any owner, lessee, tenant, mortgagee, or other person, except the lien of municipal taxes and shall be on a parity with and deemed equal to the municipal lien on the parcel for unpaid property taxes due and owing in the same year.
- c. The municipality shall file in the office of its tax collector a statement showing the amount and due date of the unpaid balance and identifying the lot and block number of the parcel of real property that comprises the delinquent hotel, [or] motel or transient accommodation. The lien shall be enforced as a municipal lien in the same manner as all other municipal liens are enforced.

Sec. 15A-8. Chapter Subject to Rules and Regulations Adopted by State Treasurer.

The provisions of this chapter shall be subject to any rules or regulations that may be adopted by the State Treasurer.

<u>Section 4.</u> All ordinances and resolutions or parts thereof inconsistent with this ordinance are repealed.

Section 5. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portion thereof.

Section 6. Upon final adoption, a copy of this ordinance shall be transmitted to the State Treasurer, together with a list of the names and addresses of all of the hotels, motels and transient accommodations located in Princeton.

Section 7. This ordinance shall take effect upon its final adoption and publication as provided for by law, except that the amendments to the tax provisions contained in Chapter 15A imposing a three percent tax on transient accommodations shall take effect on the first day of the first full month occurring ninety days after the date of transmittal to the State Treasurer.

| Dawn M. Mount, Clerk | Mark Freda, Mayor |
|-----------------------|-------------------|
| Ordinance Introduced: | |
| Ordinance Adopted: | |

STATEMENT OF PURPOSE

The purpose of this ordinance is protect the health, safety and welfare of the community by: authorizing the use of a residential dwelling unit for short-term rental if the dwelling unit is the owner's or long-term lessee's principal residence; establishing reasonable requirements for use of authorized properties as short-term rentals; creating procedures and an application and permitting process for short-term rental properties; charging reasonable fees for Princeton's administration of short-term rental properties; providing for the enforcement of the new regulatory and permitting scheme; charging a 3% occupancy tax on rentals of transient accommodations, in accordance with State law; enabling short-term rentals in use as of the effective date of this ordinance to continue for a term of thirty-six months therefrom, notwithstanding that they are not the principal residence of an owner or long-term lessee; and updating existing provisions of Chapter 16 to ensure that all rentals of residential property shall be registered with Princeton regardless of the period of occupancy.