US short-term rentals regulatory & tax landscape

TropicBay Properties research note for capital partners

Brief: The US is the named mature-market / balance leg of the TropicBay corpus (68% modelled USD-native band), and the regulatory + tax stack is layered: state-level permits layered over county / municipal licensure, state + local occupancy-tax split, marketplace facilitator collection by Airbnb / VRBO / Booking.com in most jurisdictions, and a small set of high-pressure regulatory flashpoints NYC Local Law 18, LA / West Hollywood, Miami Beach, parts of the Florida keys where municipal caps have matured. The five pillars below lay out the licensing framework, the occupancy-tax obligation, the regulatory flashpoints that change unit economics, the compliance cost band, and how the US deed pipeline absorbs each layer as a condition precedent to first booking. Each pillar is grounded in a typed constant on disk so a capital partner can cross-check the prose against the deck and the underwriting page.

01 Permit framework: Permit framework state registration + county / municipal licensure. Each named US market runs a layered permit framework: a state-level registration or business licence layered over county / municipal short-term-rental licensure. Florida is the canonical founder portfolio state state-level Division of Hotels and Restaurants registration plus county-level tourist-development tax accounts, with mature permitting in the Smoky Mountains counties of Tennessee (Sevier, Knox, Hamilton well-trodden vacation-rental ordinance, published rate, established inspection cadence). California coastal cities are generally permissive but operate city-by-city: Santa Monica, San Francisco, and parts of LA publish strict caps and a host-of-record requirement; smaller beach-and-desert cities stay largely permissive. Texas is broadly permissive at the state level no state STR permit but HOAs and a small number of cities apply their own constraints. New York City sits at the strict end: NYC Local Law 18 (in force since 2023) requires a short-term-rental registration, host-presence for stays under 30 days, and the filing of platform data with the city. The acquisition diligence runs each permit layer separately, with municipal status read before the deed pipeline advances to recording. Note: figures are public-domain illustrative snapshots and not legal advice; subject to update. Source: Source: NYC Local Law 18 (registration + host-presence rule for stays under 30 days) Florida DHR registration + county tourist-development tax accounts Tennessee Smoky Mountains counties (Sevier / Knox / Hamilton) mature vacation-rental ordinance California coastal cities (Santa Monica, San Francisco, LA) city-by-city STR caps Texas broadly permissive at state level with HOA + select city constraints Select vacation markets in Florida, the Gulf Coast, and the Smoky Mountains counter-cyclical to SE Asia seasonality, premium nightly rates, robust short-term-rental infrastructure. investor-deck.INVESTOR_DECK.slides[markets].rows[United States]

02 Occupancy tax: Occupancy tax state + local split, marketplace facilitator collection. Occupancy tax in the US is a state + local layered split, and in most US jurisdictions Airbnb, VRBO, and Booking.com the marketplace facilitators collect and remit the tax at the booking layer so the operator never operates as a tax collector on the platform channel. Florida state sales tax is 6%, layered with a county discretionary surtax of 0.52.5% in most vacation counties; Miami-Dade sits at 7% combined, with the county surtax on top. NYC sits on a layered stack: NY state + NYC combined sales tax of 8.875%, plus a NYC hotel fee of $1.50/unit/day, plus an extra 5.875% on rent above $50/night for unhosted stays under 30 days the Local Law 18 surcharge. LA's TOT (Transient Occupancy Tax) runs ~14% on stays under 30 days. Texas imposes a state hotel occupancy tax of 6%, layered with local city occupancy taxes of up to 9% in major markets. Marketplace facilitator collection means the operator does not file a per-jurisdiction tax return on the platform channel; direct-booking stays (rare at scale) require the operator to register, file, and remit. Note: figures are public-domain illustrative snapshots and not legal advice; subject to update. Source: Source: Florida 6% state sales tax + county discretionary surtax (0.52.5%) Miami-Dade 6% + county surtax NYC 8.875% combined + $1.50/unit/day hotel fee + extra 5.875% LL18 surcharge above $50/night LA TOT ~14% Texas 6% state + local city occupancy tax up to ~9% marketplace facilitator collection (Airbnb / VRBO / Booking.com collect + remit in most US jurisdictions)

03 Regulatory flashpoints: Regulatory flashpoints NYC LL18, LA / WeHo, Miami Beach. The named regulatory flashpoints in the US short-term-rental market are concentrated where municipal caps or platform-data requirements change unit economics. NYC Local Law 18 (in force since 2023, with enforcement rolling through 20242026) is the canonical example: every short-term-rental booking must be filed with the city, unregistered bookings incur escalating per-booking fines, full-home (entire-unit) rentals under 30 days must be host-present, and a registration cap is in force so a New York City STR today runs as either a host-present short-stay or a long-stay configuration, not as an unhosted nightly-rate business. LA is converging: West Hollywood has a pending ordinance, the City of LA has been tightening enforcement on multi-day unhosted stays, and Pacific Coast Highway jurisdictions continue to publish permit caps. Miami Beach has a long-standing license cap tied to zoning districts new STR licences are materially constrained, with existing operators grandfathered. Enforcement trends as of 2026 point to more municipal-level data-sharing requirements across major metros, and more municipal-level fines for unregistered listings. Note: figures are public-domain illustrative snapshots and not legal advice; subject to update. Source: Source: NYC Local Law 18 (registration cap, host-present rule for full-home stays under 30 days, per-booking unregistered fines, platform-data filed with the city) LA / West Hollywood pending ordinance + City of LA enforcement tightening Miami Beach license cap tied to zoning districts enforcement trend: more municipal data-sharing + unregistered-listing fines across major metros

04 Compliance cost estimates: Compliance cost band $3K$15K per unit per year (pre-purchase line item). The compliance cost band for a US short-term-rental unit is a visible line item on the per-property underwriting model, not an open-ended annual drag. Registration fees typically run $0$500 per jurisdiction Florida DHR is a flat filing fee, many Tennessee counties are free, NYC LL18 registration is a flat fee tied to platform reporting. Permit and inspection run ~$100$1,000 per round depending on municipality fire-safety inspection, zoning verification, parking / occupancy confirmation. Commercial STR insurance overlays standard landlord insurance by roughly 1.251.75 (premium uplift for higher-occupancy furnishings, guest liability, and amenity liability). Marketplace facilitator platform fees (Airbnb ~3%, VRBO comparable) are absorbed by the platform rather than the operator so the operator does not run a separate channel-fee budget. Outside legal review optional but prudent for first-time STR operators runs $1,500$5,000 per jurisdiction. The pre-purchase visible line item registration + permit + insurance uplift + outside legal lands in the $3K$15K per unit per year band as a capitalized setup capex on the per-property model. Note: figures are illustrative public-domain snapshots; not legal advice. Source: Source: registration fees $0$500 per jurisdiction permit + inspection $100$1,000 per round commercial STR insurance 1.251.75 standard landlord marketplace facilitator platform fees ~3% absorbed by the platform outside legal $1,500$5,000 per jurisdiction optional pre-purchase visible line item $3K$15K per unit per year

05 US deed pipeline implications: US deed pipeline STR permit as condition precedent to first booking. The US deed pipeline lays the STR permit layer on as the condition precedent to first booking, not as a parallel track. The same five-stage sequence the deck publishes runs on every US acquisition Title search, building & land-use compliance, short-term-rental permit status, HOA / community rules, insurance feasibility, and property-condition survey. and the STR permit is layered AFTER recording: title search, escrow, title insurance bound at commitment, then recording of the warranty deed at the county recorder's office, then STR permit pulled from the state / municipality before the first booking. No first-night revenue is booked until the permit is in hand. The permit's non-transferability cap is a Pillar-05 lens on the resale exit: NYC LL18, Miami Beach zoning, and a small number of municipal caps do not transfer with the deed so the buyer of a resold US STR re-runs the local permit process on their own, and the LP exit waterfall carries that line item as a forward exposure. Compliance costs capitalize into setup capex on the per-property model, and the permit acquisition clears the same underwriting gate as every other property in the corpus: Per-property model: acquisition price, set-up capex, 5-year ADR / occupancy projection, opex stack, exit cap rate. Acquisition clears only if 7-year IRR 14% under base case. The US leg inherits the proven diligence stack rather than bespoke paperwork. Source: Source: investor-deck.INVESTOR_DECK.slides[acquisition].rows[Due-diligence checklist] (deed pipeline: title search escrow title insurance recording STR permit) STR permit acquired AFTER recording as condition precedent to first booking permit non-transferability cap on NYC LL18 / Miami Beach / select municipal caps compliance costs capitalized into setup capex on the per-property model investor-deck.INVESTOR_DECK.slides[acquisition].rows[Underwriting] (7-year IRR 14% gate)