



Short-Term Rental Guide

This guide is for anyone that wants to open a short-term rental business in Shelby County. It will help you understand all the license, tax, and zoning ordinances and regulations that go hand-in-hand with hosting a short-term rental.

This guide is intended to supplement any information/guidelines that may have been provided by a short-term rental company. This guide is not intended to be a substitute for legal advice.

What is a short-term rental?

Airbnb, FlipKey, HomeAway, Vacation Rental by Owners (VRBO), and any other type of rental that meets the definition below are all considered short-term rentals.

A short-term rental is defined as...

A dwelling, unit, or room that is rented, leased, or assigned for a tenancy of **less** than thirty (30) consecutive days in duration including tourist and guest homes. A short-term rental may be owner occupied or non-owner occupied.

A short-term rental **does not include** apartments or apartment buildings fitted especially with a kitchen and usually leased as a dwelling for a tenancy of **more** than thirty (30) consecutive days.

Get a business license (aka: Occupational License)

Anyone that opens a business in Shelby County must obtain a business license (also known as an occupational license) from the governing entity whose jurisdiction the business is located.

If your business is located within the city limits of Shelbyville, you will need to register for a business license from the City of Shelbyville Occupational License Office. The contact information is as follows:

City of Shelbyville
315 Washington Street
Shelbyville, KY 40065
502-633-8000

If your business is located within the city limits of Simpsonville, you will need to register with both the City of Simpsonville and Shelby County Occupational License Office. The contact information is as follows:

City of Simpsonville
108 Old Veechdale Road
Simpsonville, KY 40067
502-722-8110

Shelby County Occupational License Office
419 Washington Street
Shelbyville, KY 40065
502-633-7685

If your business is located within Shelby County and is outside the city limits of Shelbyville and outside the city limits of Simpsonville, you will need to register with the Shelby County Occupational License Office only. The contact information is as follows:

Shelby County Occupational License Office
419 Washington Street
Shelbyville, KY 40065
502-633-7685

1. Taxes

A. Paying taxes

As a short-term rental host, you are required to pay taxes on the rental income you receive. These taxes include:

- 3% local transient room tax
- 1% local conference center tax
- 1% state transient room tax
- 6% sales tax

Taxes are a cost that you may want to pass on to your customer. (Remember that as a host, you are liable for the taxes whether you pass them along to your customer or not.)

For example, if you charge a \$100 rental fee, the total tax amount owed would be \$11.24. If you want to pass those taxes on to the customer, their total bill would be \$111.24. See the below rate card for details.

Room Rate		\$100.00
3% Local Transient Room Tax		\$3.00
1% Local Conference Center Tax		\$1.00
1% State Transient Room Tax		\$1.00
Taxable Amount		\$105.00
6% Sales Tax		\$6.24
Total		\$111.24

B. Filing income taxes

Any earnings you receive from rentals may be subject to the local net profits occupational license fee. You will find information about this when you register for your business license (step 1).

Consider consulting with a financial advisor for accounting and tax advice.

2. Zoning ordinances and regulations

As a short-term rental host, you must adhere to all local, state and federal ordinances and regulations. The following ordinances are applicable to your rental.

- A. Any room or portion of a dwelling that is rented cannot function as a second dwelling unit on the property, which means that living areas and kitchen facilities must be shared among all of the occupants.
- B. In general, there is a limit of five unrelated (meaning non-family) individuals that can occupy a single dwelling unit. This limit includes renters and any other occupants of the dwelling.

Questions about Planning and Zoning issues?

Please contact the Triple S Planning and Zoning Commission at (502) 633-1718.

Helpful tip

Be respectful of your neighbors! The better job hosts do of keeping neighbors happy and undisturbed will greatly increase your ability to be a successful host.

Living in a community means we should be considerate and conscientious. Where to start? Introduce yourself to your neighbors and build a good relationship. Share your contact information.

Your house? Your guests? Your responsibility. Please keep in mind that you may be cited or fined by the county for creating a disturbance or violating other provisions of the county ordinances.

3. Other considerations

As with any business, there are other considerations you should be aware of when operating a short-term rental. You should consider consulting with a legal advisor for assistance with any legal issues that may be involved with this type of business.

Some of these considerations include:

A. Insurance

Review your insurance policies and consult with your agent to make sure that they cover injuries, accidents, or losses arising from the use of the property by renters.

B. For renters: get your landlord's approval

If you rent your apartment, townhouse, home, etc., check with your landlord before using it as a short-term rental. Many rental properties are not open to short-term subleasing/renting. If short-term leasing/renting is allowed, be sure to get the agreement in writing from the property owner so that there are no disputes down the road.

C. Restrictive covenants

Review your property deed for restrictive covenants. Owners who live in a development or subdivision with a deed of restriction covenant should determine if the covenant regulates rental activity.

D. Occupancy agreements

This is optional, but consider seeking legal advice to determine if a different form of ownership is needed to provide anonymity or protection from individual liability and to prepare an occupancy agreement specific to the arrangement the owner wishes to establish with the renter.

Disclaimer

Every attempt has been made to ensure that the information contained herein is complete, up-to-date and accurate. However, this does not release the owner or host from their obligation to verify the information and the obligation to comply with the regulations listed above and any other applicable rules or requirements, governmental, or private.