

# Short-Term Rentals

## Getting Started

Rental of a whole or partial residence to visitors for less than a month is commonly known as a **Short-Term Rental (STR)**. Its legal term in Wisconsin is a **Tourist Rooming House (TRH)**. Hosting platform websites such as Airbnb and VRBO connect hosts with visitors who need a short-term place to rent. See [Wisconsin Administrative Code ATCP 72](#) for all health regulations.



Some Dane County municipalities have enacted laws that strike a balance between the competing rights of property owners. Homeowners or renters can earn extra money renting out space in a home, but reasonable restrictions ensure that neighbors retain the right to control the type of neighborhood they are living in.

When homes convert to STR properties, less homes are available for permanent residents. This increases housing competition, causes property rates and rents to rise, and makes permanent housing less affordable. STR guests are transients who are not invested in the neighborhood, which can reduce neighborhood character if careless noise and trash issues occur, neighbors no longer know each other, competition for street parking increases, and neighbors feel they are living in a hotel district.

State Regulations protect the rights of neighbors, guests and owners while protecting public health, safety, well-being and prosperity. Local Regulations allow STR hosts to increase their income while preventing or limiting these negative effects in their neighborhoods.



### **Public Health Laws** **Tourist Rooming House License**

Homeowners or renters are required to obtain a Tourist Rooming House license from [Public Health Madison and Dane County](#) prior to offering a short-term rental to visitors. A pre-inspection must be completed to approve the new license. The licensing year is from July 1 until June 30 of each year. A health inspection will occur once every licensing year after that to ensure continued compliance with the law. If an initial license is approved in April, May or June, the license will be valid until the end of the following licensing year, on June 30.



### **Tax Laws** **Municipal Room Tax**

Room tax must be collected from visitors if required. Check with your local clerk to see if room taxes are required in your municipality. Airbnb automatically collects and submits

room taxes from City of Madison bookings so no additional room tax payments are necessary if renting solely through Airbnb in the City of Madison. Certain government and nonprofit employees are exempt from paying room tax under particular circumstances. Learn when [Room Tax Exemptions](#) apply to guests.

### Wisconsin Sales Tax

Short-term rentals must report and pay Wisconsin sales tax. Dane County is subject to 5.5% sales tax (5% state, 0.5% county). Exception: If a host's taxable sales are less than \$1,000 in a calendar year, an occasional sales exemption may apply to the sales. For more information, see [Exception](#). Airbnb automatically collects and submits sales tax so sales tax payments are not necessary if renting solely through Airbnb.



## Zoning Laws

### City of Madison

A Short-Term Rental operating within the City of Madison must be located within the host's primary residence. If the host resides in a multi-unit building or a property with an accessory dwelling unit, the short-term rental business must occur only within the same unit as the host's residence. It cannot occur within both a main building and an accessory dwelling unit on the same property. Short-term rental operations are limited to **30 days** per licensing year when the host is off-site. There is no rental day limit when the host is on-site during the rental. Tenants must have express written permission in the lease to operate a short-term rental business.

### Dane County *(Outside the City of Madison)*

If you live outside the City of Madison, check with your local clerk for zoning restrictions which may apply. Zoning restrictions vary by local governmental bodies.

### Other Considerations

Check other contracts and rules you may be subject to, such as tenant organizations, lease agreements, cooperative, cohousing, condominium and homeowner association rules.



## Costs to Operate a Short-Term Rental

| Item   | Fee    |
|--|--------|
| Wisconsin Seller's Permit  | \$20   |
| City of Madison Room Tax Registration*   | \$2    |
| Public Health Madison & Dane County (PHMDC) Initial Licensing Fee (includes a one-time \$375 pre-inspection fee) | \$535  |
| PHMDC Lodging License Annual Renewal Fee (not 1st year)  | \$160  |
| Additional local fees*   | Varies |

\*Cost varies by local government. Check with your local clerk.