Montgomery County Council

Committee: PHP
Committee Review: At a future date
Staff: Ludeen McCartney-Green, Legislative Attorney
Purpose: To receive testimony – no vote expected
Keywords:#TransientLodgingFacilities #OnlinePlatformCompliance #ShortTermResidentialRental

AGENDA ITEM #5
October 6, 2026
Public Hearing

SUBJECT

Bill 42-26, Transient Lodging Facilities - Short-Term Residential Rental - Online Platform Compliance

Lead Sponsor: Councilmember Evans

Co-Sponsors: Council President Fani-González, Councilmember Stewart, Council Vice President Balcombe, and Councilmembers Mink, Sayles, and Luedtke

EXPECTED ATTENDEES

Members of the Public

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- To receive public testimony – no vote expected

DESCRIPTION/ISSUE

Bill 42-26 would:

(1) require a short-term rental platform to verify a rental license before listing a short-term rental in the County;
(2) require the Department of Housing and Community Affairs to provide an electronic system for verifying short-term rental licenses;
(3) prohibit a short-term rental platform from collecting or processing payment for an unlicensed rental;
(4) require online rental platforms to submit an annual report regarding rental occupancy in the County;
(5) establish penalties for noncompliance of a short-term rental platform; and
(6) generally amend the law governing short-term rentals in the County.

SUMMARY OF KEY DISCUSSION POINTS

N/A

This report contains:

Staff Report — Pages 1-3
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Agenda Item #5
October 6, 2026
Public Hearing

M E M O R A N D U M

October 1, 2026

TO: County Council

FROM: Ludeen McCartney-Green, Legislative Attorney

SUBJECT: Bill 42-26, Transient Lodging Facilities - Short-Term Residential Rental - Online Platform Compliance

PURPOSE: **Public Hearing** – no Council votes required

Bill 42-26, Transient Lodging Facilities – Short-Term Residential Rental – Online Platform Compliance, was introduced on September 15, 2026. The Lead Sponsor is Councilmember Evans. Co-Sponsors are Council President Fani-González, Councilmember Stewart, Council Vice President Balcombe, and Councilmembers Mink, Sayles, and Luedtke. A Planning, Housing, and Parks Committee worksession is scheduled for a later date.

Bill 42-26 would:

(1) require a short-term rental platform to verify a rental license before listing a short-term rental in the County;
(2) require the Department of Housing and Community Affairs to provide an electronic system for verifying short-term rental licenses;
(3) prohibit a short-term rental platform from collecting or processing payment for an unlicensed rental;
(4) require online rental platforms to submit an annual report regarding rental occupancy in the County;
(5) establish penalties for noncompliance of a short-term rental platform; and
(6) generally amend the law governing short-term rentals in the County.

BACKGROUND

Under the County's short-term residential rental (STRR) law, STRR rental is generally a rental of a room or dwelling for less than 30 consecutive days. The operator must obtain and renew a County license annually with the Department of Housing and Community Affairs (DHCA).

An application for a STRR includes, among other things, that the unit is the applicant's primary residence; and any online rental listing includes the County short-term residential rental license number. The STRR operator is solely responsible for ensuring the license number is listed.

County law does not extend or place direct requirements on online rental platforms or booking services. Bill 42-26 seeks to strengthen short-term rental compliance requirements for online platforms (Airbnb, Vrbo, or similar platforms).

Does the County have the authority to regulate online rental platforms?

Montgomery County's home-rule authority is broad; however, County legislation must be local in nature and consistent with State public general law. A County may exercise its local legislative authority unless State law preempts or conflicts with it. Bill 42-26 does not seek to regulate the licensing of online platforms or the Internet generally; rather, it regulates the licensure of a short-term rental located in the County being offered for rent and the online platform's participation in transactions involving the short-term rental.

In *Bodin v. New Orleans*, 804 F.Supp.3d 669, the Fifth Circuit Court of Appeals in August 2026, upheld that the city could legally require **[**online**]** platforms to verify **[**rental**]** permits before processing bookings. *Id.* at 678. Essentially, if the County regulates the platform's "transactional process," not the content a third party posts on the platform, the ordinance could withstand a constitutional challenge or federal preemption under Section 230 of the Communications Decency Act.

New York City heavily regulates the verification process for an online rental platform before it posts or advertises rental listings in the City. Specifically, the short-term rental registration law[1] requires hosts to register with the Mayor's Office of Special Enforcement (OSE), and prohibits booking service platforms (such as Airbnb, VRBO, Booking.com, and others) from processing transactions for unregistered short-term rentals.[2]

BILL SPECIFICS

Bill 42-26 has three main provisions for regulating an online platform's compliance:

- **Verification of operator's license.** Requires a short-term rental platform to verify a rental license before listing a short-term rental in the County. The Director of DHCA must make publicly available on the Department's website an electronic verification system through which a short-term rental platform may determine whether a STRR rental license is valid, expired, suspended, or revoked.

- **Transaction fees prohibited.** Prohibit a short-term rental platform from collecting or processing a payment for an unlicensed rental. A short-term rental platform must not knowingly complete a booking transaction or collect a fee in connection with a booking transaction, for a short-term rental that: (1) does not have a valid license reflected on the Department's website; or (2) the Director has notified the platform that the rental is ineligible to operate in the County as a short-term residential rental.

[1] As of January 9, 2022, New York City adopted Local Law 18.
[2] FINAL-RULES-GOVERNING-REGISTRATION-AND-REQUIREMENTS-FOR-SHORT-TERM-RENTALS.PDF

- **Annual Reporting.** A short-term rental platform must provide the Director with an annual report for each short-term residential rental occupied during the preceding year; this information would be provided on a form prescribed by the Department. The report must include: (1) the address for each listed short-term residential rental; (2) the name and contact information of the operator/host; (3) the applicable short-term residential rental license number; and (4) the dates on which the rental was occupied.

This packet contains:	Circle #
Bill 42-26	1

Bill No. 42-26
Concerning: Transient Lodging Facilities – Short-Term Residential Rental – Online Platform Compliance
Revised: 8/26/2026 Draft No. 2
Introduced: September 15, 2026
Expiration: December 7, 2026
Enacted:
Executive:
Effective:
Sunset Date:
Ch. ____, Laws of Mont. Co. ____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Evans
Co-Sponsors: Council President Fani-González, Councilmember Stewart, and Council Vice President Balcombe, and Councilmember Mink, Sayles, and Luedtke

AN ACT to:

(1) require a short-term rental platform to verify a rental license before listing a short-term rental in the County;
(2) require the Department of Housing and Community Affairs to provide an electronic system for verifying short-term rental licenses;
(3) prohibit a short-term rental platform from collecting or processing payment for an unlicensed rental;
(4) require online rental platforms to submit an annual report regarding rental occupancy in the County;
(5) establish penalties for noncompliance of a short-term rental platform; and
(6) generally amend the law governing short-term rentals in the County.

By amending
Montgomery County Code
Chapter 54, Transient Lodging Facilities
Section 54-1

By adding
Montgomery County Code
Chapter 54, Transient Lodging Facilities
Section 54-43A

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets**]**	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets**]]**	*Deleted from existing law or the bill by amendment.*

The County Council for Montgomery County, Maryland, approves the following Act:

Sec. 1. Section 54-1 is amended, and Section 54-43A is added, as follows:

54-1. Definitions.

* * *

Booking transaction means a transaction through which a prospective visitor reserves or arranges to occupy a short-term residential rental, including a transaction in which a short-term rental platform accepts or processes payment between the prospective visitor and operator.

* * *

Department means the Department of Health and Human Services in Article II of this Chapter. *Department* means the Department of Housing and Community Affairs in Article III of this Chapter.

Director means the Director of the Department of Health and Human Services, or the Director's designee, in Article II of this Chapter. *Director* means the Director of the Department of Housing and Community Affairs, or the Director's designee, in Article III of this Chapter.

* * *

Listing means an advertisement or offer for a short-term residential rental made available to the public through a commercial online booking platform.

* * *

Operator means any person who offers for use a dwelling unit as a short-term residential rental.

Person means any natural person, joint venture, joint stock company, partnership, association, club, company, corporation, business trust, organization of any kind.

* * *

Short-term rental platform means a person that, for compensation, provides,

operates, or maintains an online, digital, or electronic service that allows a person to list, offer, advertise, reserve, arrange, facilitate, or complete a booking transaction for a short-term residential rental.

Short-Term Residential Rental means the residential occupancy of a dwelling unit for a fee for less than 30 consecutive days as allowed under Section 59-3.3.3.I of this Code.

Short-term residential rental license number means a license number issued by the Director in accordance with the registration of a dwelling unit under this Article.

* * *

54-43A. Short-term rental platform – compliance requirements.

(a) *License information - required*. A short-term rental platform must require, before initially publishing a listing, that an operator who offers a short-term residential rental located in the County provides to the platform:

(1) the address of the short-term residential rental; and

(2) the current short-term residential rental license number.

(b) *License verification*.

(1) The Director must make available on the Department's website an electronic verification system through which a short-term rental platform may determine whether a short-term residential rental license is valid, expired, suspended, or revoked.

(2) A short-term rental platform may rely in good faith on the license information provided by the Director under this subsection.

(c) *Booking fee for unlicensed rentals - prohibited*. A short-term rental platform must not knowingly complete a booking transaction, or collect a fee in connection with a booking transaction, for a short-term rental that:

(1) that does not have a valid license reflected on the website under subsection (b); or

(2) the Director has notified the platform that the rental is ineligible to operate in the County as a short-term residential rental.

(d) *Notice of noncompliance.*

(1) The Director may notify a short-term rental platform that a listing does not comply with this Article.

(2) The notice must identify:

(A) the address or other information sufficient to identify the short-term residential rental;

(B) the applicable license number, if any; and

(C) the basis for the determination of noncompliance.

(3) Within 7 business days after receiving notice under paragraph (1), the platform must take reasonable action to prevent the completion of additional booking transactions for the identified rental unless the Director withdraws the notice or otherwise confirms, in writing, that the rental is authorized to operate.

(e) *Reinstatement*. A short-term rental platform may reactivate or resume booking transactions for a rental after receiving information indicating that the rental license has been issued or reinstated.

(f) *Annual reporting*. A short-term rental platform must provide the Director with an annual report for each short-term residential rental, provided on a form prescribed by the Department. The report must include:

(1) the address for each listed short-term residential rental;

(2) the name and contact information of the operator;

(3) the applicable short-term residential rental license number; and

(4) the dates on which the rental was occupied.

(g) *Enforcement*. A short-term rental platform that violates this Section is subject to a Class A violation and enforcement under Section 1-19 of the Code. Before a civil citation is issued, the Director must provide the platform notice of the alleged violation and an opportunity to cure the violation.

(h) *Regulations*. The Executive may adopt Method (2) regulations to administer this Section.