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Chicago’s 23.4% Short-Term Rental Tax vs. Houston’s 2026 Registration Mandate: Platform Tax Audits, Surcharge Differentials, and API Blocking Across 148 Regimes

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Abstract. Benchmarking top-25 U.S. metropolitan lodging markets across 148 enacted laws explains why lump-sum Voluntary Collection Agreements mask unremitted taxes unless paired with mandatory platform license-blocking APIs. Empirical highlights: 23.4% Stack (Chicago’s composite short-term rental checkout tax (17.4% hotel base + 6.0% Shared Housing Surcharge)—#1 among major U.S. metros); Jan 1, 2026 (Effective date of Houston Ordinance No. 2025-322 establishing mandatory $275 STR Certificates linked to 17% HOT compliance); 148 Regimes (Enacted global and U.S. municipal visitor-levy and STR laws benchmarked in MTRI Dataset v12.0 (102 U.S. city previews)).

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1. Two opposite metropolitan experiments: Chicago’s 23.4% fiscal surcharge vs. Houston’s 2026 registry

Large U.S. metropolitan governments have converged on two sharply different statutory tools to govern urban short-term rentals. At the fiscal ceiling sits Chicago, which layers a dedicated 6.0-percent Shared Housing and Vacation Rental Surcharge (4 percent for homelessness services plus 2 percent for domestic-violence and housing enforcement) atop its six-tranche 17.4-percent hotel composite base—creating a 23.4-percent statutory checkout tax on residential short-term rentals, the highest percentage rate among top-25 U.S. cities coded in Version 12.0 of the Meridian Global Dataset (148 jurisdictions).[1]

At the regulatory baseline sits Houston, for years the largest U.S. city without a municipal short-term rental permit. Effective January 1, 2026 under Ordinance No. 2025-322 (Chapter 28, Article XXI), Houston deliberately declined to enact primary-residence mandates, distance buffers, or neighborhood numerical caps—instead requiring every operator to obtain an annual $275 Certificate of Registration, display the permit number on all online listings, maintain a 24-hour emergency contact, and prove compliance with the 17.0-percent State, City, and Harris County Hotel Occupancy Tax.[2]

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Table 1. Statutory lodging-tax rates, STR surcharges, and platform license-enforcement architectures across major U.S. metros (2026)

Metro Gateway	Hotel Tax Base	STR Checkout Stack	Residency / Cap Rule	Platform API / Audit Rule	Primary Code Citation
Chicago, IL	17.4% (19% w/ CTID)	23.4% (+6% STR tax)	Precinct opt-out zones	Mandatory API data feed	MCC Ch. 3-24 & 4-14
Houston, TX	17.0% State/City/Cty	17.0% HOT + $275/yr	No residency/unit cap	Permit display (Jan 2026)	Ord. 2025-322 / Ch. 28
Austin, TX	17.0% (11% City + 6%)	17.0% HOT	Annual STR license	Quarterly host returns	Austin Code Ch. 11-2
San Francisco, CA	15.25%–16.25% TOT/TID	15.25%+ TOT/TID	275d res.; 90d unhosted	API pass-through block	SF Admin. Code Ch. 41A
Denver, CO	14.75% (15.75% TID)	14.75% Lodger/Sales	Strict primary res.	Booking block + felony	DRMC Ch. 33 & Ch. 53
Clark County, NV	13.0%–13.38% Room	13.0%–13.38% Room	1% cap; 2,500ft buffer	Platform payment block	AB 363 / Code Ch. 7.100
Phoenix, AZ	13.07% State/Cty/City	13.07% TPT + $250/yr	Preempted (SB 1168)	AZ TPT license match	PHX Ch. 10 & Ch. 14

2. Why anonymous lump-sum Voluntary Collection Agreements leak municipal tax revenue

During the first decade of online home-sharing (2014–2022), hundreds of cities signed confidential Voluntary Collection Agreements (VCAs) allowing booking platforms to remit a single aggregated monthly tax check without disclosing parcel-level addresses, host identities, or nights booked. Cross-city audit records from Austin, Denver, San Francisco, and Orange County (Orlando) reveal three recurring sources of revenue leakage under legacy anonymous VCAs.

First, property managers operating across both marketplace platforms and direct-booking websites routinely claim platform remittance exemptions on unverified direct stays unless hosts must file parcel-level informational returns (as required quarterly in Austin and monthly—including mandatory zero returns—by the Orange County Comptroller). Second, properties straddling unincorporated county corridors—such as unincorporated Clark County versus the City of Las Vegas, or unincorporated Orange County versus the City of Orlando—are frequently geocoded to lower-tax postal ZIP codes rather than parcel GIS boundaries.[3]

3. API booking blocks and state tax-license matching: the 2026 enforcement frontier

Three court-tested statutory mechanisms now close the VCA audit gap without violating federal Stored Communications Act or Section 230 immunities. Following the Ninth Circuit’s landmark ruling in HomeAway.com, Inc. v. City and County of San Francisco, San Francisco (Chapter 41A), Denver (DRMC Chapter 33), Chicago (Chapter 4-14), and Clark County (AB 363 / Chapter 7.100) penalize platforms only when they process booking fees for an unlisted or invalid municipal registration number—compelling automated API verification before a listing goes live.

Even in states that preempt local zoning bans—such as Arizona under A.R.S. § 9-500.39—municipalities like Phoenix (13.07 percent combined lodging TPT) and Scottsdale now leverage Senate Bill 1168 to condition annual $250 municipal STR permits on an active, cross-matched Arizona Department of Revenue Transaction Privilege Tax

license.[4] Municipal controllers and state revenue departments can recover 8 to 18 percent in previously unremitted transient lodging receipts simply by requiring parcel-matched tax IDs on every platform listing.

References

[1] Chaiwat Saechueng and Mukesh Thakur, Global Dataset of Enacted Visitor Levies, Cruise Berth Caps, Timed-Entry Quotas, and Short-Term Rental Laws (2026 Edition — 148 Jurisdictions), v12.0, Meridian Tourism Research Institute / Harvard Dataverse, https://doi.org/10.7910/DVN/YAQLA1.

[2] Municipal Code of Chicago Ch. 3-24 (Hotel Accommodations Tax & 6% Shared Housing Surcharge) & Ch. 4-14; City of Houston Code Ch. 28, Art. XXI (Ord. No. 2025-322, effective Jan. 1, 2026) & Ch. 44 (7% HOT).

[3] Austin City Code Ch. 11-2 (11% HOT); Orange County Code Ch. 25, Art. IV (6% TDT); Nevada AB 363 & Clark County Code Ch. 7.100 (13.38% Strip Room Tax, 1% housing cap & 2,500-ft resort buffer).

[4] San Francisco Admin. Code Ch. 41A & HomeAway.com, Inc. v. City and County of San Francisco, 918 F.3d 676 (9th Cir. 2019); Denver Revised Municipal Code Ch. 33, Art. III; Phoenix City Code Ch. 10, Art. XVI & Ch. 14 (13.07% combined TPT).

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