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The Week in Public Finance: Affordable Housing Shortage? Massachusetts Might Tax Airbnb to Pay for It.

The state is considering a policy that goes further than most places that tax short-term rental companies.

As Airbnb and other short-term rental companies have increased their presence in cities, so too has the struggle to provide affordable rental housing.

Massachusetts, however, is on the verge of becoming the first state to dedicate revenue generated from Airbnb and other short-term rental taxes toward affordable housing. The Bay State is considering legislation that would apply its state hotel tax to short-term rentals and require at least 35 percent of separate, local hospitality taxes on those rentals to fund investments in affordable housing or infrastructure.

The new tax was passed by the House and Senate this week. But Republican Gov. Charlie Baker has added amendments that would exclude property owners who casually rent their houses or apartments (for two weeks or less per year) from the law. The bill was sent back to the legislature and a spokeswoman for Baker said he hopes to work with lawmakers to reach an accord soon.

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