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Ocean City Moves Forward with Proposed 3% Tax on Airbnb and VRBO Rentals

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— Categories: *Real Estate*



Ocean City, NJ – Ocean City may soon add a new 3% tax on short-term rentals booked through websites like Airbnb and Vrbo. On June 26, the City Council voted 5-2 in favour of introducing the ordinance. If approved at its final reading on July 17, the tax could generate an estimated \$1.8 million in revenue each year.

The proposal applies to short-term stays including private homes, hotel rooms, motels, and bed-and-breakfasts booked through third-party platforms. The goal, according to city officials, is to ensure the growing short-term rental market contributes to the city's budget,

which helps pay for services like beach maintenance, public safety, and infrastructure improvements.

A Second Attempt

This is not the first time the council has considered such a measure. A nearly identical ordinance was introduced in December 2024 but failed at its second reading. Supporters believe the time is now right, as demand for short-term rentals continues to rise.

According to Airbnb, Ocean City was one of New Jersey's top destinations for last-minute Labour Day getaways in 2024. City officials say this increase in tourism makes it even more important to find new ways to support public services and maintain the city's quality of life.

Mixed Reactions

While the tax could bring in much-needed revenue, some property owners and hosts worry it may discourage visitors or hurt rental income. Others argue that adding a small tax is reasonable and helps the city keep up with the cost of hosting so many guests each year.

The 5-2 council vote shows that while the proposal has strong support, it's not without concerns. Council members and residents will have another chance to discuss the plan during the public hearing on July 17.

What's Next?

If approved, the tax would take effect on all short-term rentals made through third-party websites. Ocean City would join many other vacation destinations across the country that have adopted similar measures to balance tourism with local needs.

Residents, business owners, and rental hosts are encouraged to attend the upcoming hearing or share their feedback with city officials.