

N.Y. Governor Cuomo Signs Bill to Fine Illegal Airbnb Hosts

Photographer: Getty Images

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- Cuomo signed bill allowing short-term renters to be fined
 - Airbnb filed suit hours after governor's approval of law
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Airbnb Inc. is fighting to stay alive in the biggest rental market in the U.S.

Hours after New York Governor Andrew Cuomo signed a bill into law that will fine residents who rent out their apartments for illegal short-term stays, Airbnb responded with a lawsuit in Manhattan federal court.

The fines for those who advertise vacant apartments in a multi-unit building for 30 days or less could be as high as \$7,500 for repeat offenders, threatening the company's operations in the state. People are allowed to rent out a room in their house or apartment as long as they are also staying there.

The online service that links short-term renters with tenants asked a judge to declare the law unconstitutional and block the state and the city from enforcing it.

The law violates the company's free-speech rights to promote its business, conflicts with U.S. laws intended to help Internet-based businesses proliferate and is vague as to whether it applies to the company or its

clients, Airbnb said in its complaint.

The law "creates the incorrect perception that Airbnb's own activities are unlawful," the company said. "This perception will lead to the sort of reputational injury and loss of goodwill that irreparably harms a business."

Airbnb's arguments in New York are similar to its claims that San Francisco's ordinance violates its right to free speech and the company is protected by a federal law that shields Internet platforms from responsibility for the actions of users.

Skeptical Judge

A federal judge in San Francisco voiced skepticism about that argument at an Oct. 6 hearing. Congress, in enacting the Communications Decency Act of 1996, wasn't permitting "a lawless no man's land just because it's on the Internet," U.S. District Judge James Donato said.

Liz Krueger, the state senator who sponsored the bill, said in a statement that the passage was a "huge victory for regular New Yorkers over the interests of a \$30 billion corporation." She has argued that Airbnb has actively encouraged illegal activity, taking apartments off the rental market and aggravating the city's affordable housing crisis.

Airbnb says New York lawmakers had ignored the wishes of their constituents. "Albany backroom dealing rewarded a special interest -- the price-gouging hotel industry -- and ignored the voices of tens of thousands of New Yorkers," Peter Schottenfels, a spokesman for the company, said in a statement.

Prohibited by Law

"This is an issue that was given careful, deliberate consideration, but ultimately these activities are already expressly prohibited by law," said Rich Azzopardi, a spokesman for the governor, in a statement.

The new law will help prevent the proliferation of illegal, unregulated hotels, New York Attorney General Eric Schneiderman said in a statement.

Earlier this week Airbnb made an eleventh-hour attempt to kill the New York law by issuing a list of [conciliatory measures](#).

The case is Airbnb Inc. v. Schneiderman, 16-cv-08239, U.S. District Court, Southern District of New York (Manhattan).