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Rainbow City vacation rental checklist

Etowah County, Alabama | Rules checked November 5, 2026

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Rainbow City requires a renting and leasing business license and a $50 yearly inspection permit for each short-term rental, a contact who answers within an hour, rental insurance, and notice to adjacent owners. Occupancy is 2 people plus 2 per bedroom, and lodgings tax is 7% plus $1.50 a night.

> Fines are $500 for a first violation and $1,000 after that, and repeat problems can lead to a council hearing on revoking the permit.

Licensing steps

STATE OF ALABAMA

- [ ] **Register for the lodgings tax**
  Create an account at My Alabama Taxes (MAT) and register for state lodgings tax, plus any local lodgings taxes the state administers for your county and city. Cities that collect their own tax need a separate account with the city.
  My Alabama Taxes: https://myalabamataxes.alabama.gov/
- [ ] **File by the 20th**
  Returns are due by the 20th of the following month. Small filers can ask (before February 20) to file quarterly, twice a year, or yearly. Paying on time earns a small discount (5% of the first $100 of tax, 2% after).
- [ ] **Know what the platform collects**
  Under Act 2024-334, Airbnb, VRBO, and other booking platforms collect the state and local lodgings taxes on their bookings unless your contract says you remit. You still owe tax on direct bookings, and the law adds a yearly report of every unit rented more than 14 days.
- [ ] **Keep filing once you register**
  If every booking goes through a platform that collects all your state and local lodgings taxes, you may not need your own account. But if you take direct bookings, or the platform doesn't collect one of your local taxes (often the ones filed with a city, a county, or Avenu), register and file it yourself. Once registered, file every period, even a $0 return, and report platform-collected sales as a deduction. Some county offices ask owners to keep their own account and file monthly even when the platform pays, so ask yours.
- [ ] **Then your county and city**
  Local business licenses, rental permits, and zoning rules are where Alabama towns differ most. Pick your area.

ETOWAH COUNTY, ALABAMA

- [ ] **Register for the county lodging tax**
  File the county's 2% and $1.50 nightly room fee with the state through My Alabama Taxes, along with the 5% state tax.
- [ ] **Then your city**
  City rules differ a lot here. Pick your area.

CITY OF RAINBOW CITY

- [ ] **Get the business license and inspection permit**
  Get a renting and leasing business license, then apply for the $50 short-term rental inspection permit for each unit. The building official sets the number of bedrooms and may inspect.
- [ ] **Name an emergency contact and insure the home**
  The contact must answer 24/7, respond within an hour, and be on site within 12 hours if the city asks. Send proof of vacation rental insurance within 30 days.

- [ ] **Notify adjacent owners and post the rules**
  Give written notice to owners of adjacent residential property with your contact numbers, the city's violation line, and the maximum guests. Post the permit, contact, and house rules, and have each group sign that they received them.
- [ ] **Register for lodgings tax**
  Total lodgings tax here is 7% plus $1.50 a night (5% state, 2% county). Both are filed with the state through My Alabama Taxes. Airbnb collects the state tax and the local taxes the state administers on its bookings; for taxes filed with a city, county, or Avenu, ask your platform whether it collects them. For direct bookings, file everything yourself by the 20th of each month.

House rules for guests

Occupancy: 2 people + 2 per bedroom

Parking: On the property, off the street
No RVs, boats, or trailers on the street or in front of the house.

Events: Not allowed

Who to contact

ADOR Sales and Use Tax Division: 334-242-1490

Official sources

Alabama Department of Revenue: State lodgings tax. https://www.revenue.alabama.gov/tax-types/lodgings-tax/

Alabama Department of Revenue: Lodgings tax FAQs. https://www.revenue.alabama.gov/faqs/lodgings-tax/

Alabama Department of Revenue: Alabama Tourism Tax Protection Act (Act 2024-334)-
. https://www.revenue.alabama.gov/alabama-tourism-tax-protection/

Avalara MyLodgeTax: Alabama vacation rental tax guide-
. https://www.avalara.com/mylodgetax/en/resources/vacation-rental-tax-guides/alabama.html

Alabama Department of Revenue: Etowah County: ADOR begins collecting local taxes (Resolution R26-0616B)-
. https://www.revenue.alabama.gov/wp-content/uploads/2026/07/Etowah-County_20260724.pdf

City of Rainbow City (Municode): Code section-
. https://library.municode.com/al/rainbow_city/codes/code_of_ordinances?nodeId=COOR_CH40ZO_ARTIIDIRE_DIV2SHRMREDW

Alabama Department of Revenue: Local lodgings tax rates report (November 2026)-
. https://www.revenue.alabama.gov/wp-content/uploads/2022/07/LLreport.pdf