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Madison (city) vacation rental checklist

Madison County, Alabama | Rules checked November 5, 2026

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Madison voted in June 2026 to allow short-term rentals with an annual permit, a cap of about 190 permits (0.75% of housing), yearly inspections, and a local contact who can reach the property within 30 minutes. The proposed rules carried a $350 application fee and a business license. Lodgings tax is 16% plus $2 a night.

We read the ordinances as proposed (unsigned drafts on the council agenda). News reports say the council adopted the framework on June 22, 2026. Confirm the final fee, cap, and zoning with the city before you apply.

Three substantiated complaints in 12 months suspend a permit for at least 6 months.

Airbnb's Alabama tax article lists the state tax and the local taxes the state administers. Taxes filed with a city, a county, or Avenu Insights may not be collected by the platform, so ask what it collects and file the rest yourself.

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.

MADISON COUNTY, ALABAMA

- [ ] **Register for the county lodgings tax**
  File the 1% county tax with the state through My Alabama Taxes, along with the 5% state tax.

- [ ] **Then your city**
  Huntsville and Madison have their own rules and 10% city taxes. Pick your area.

CITY OF MADISON

- [ ] **Apply for the short-term rental permit**
  Under the proposed ordinance, each unit needs a permit, a certificate of occupancy, a yearly building inspection, $1 million in liability insurance, and notice to adjoining neighbors. Existing operators had 90 days after the ordinance took effect to apply.
- [ ] **Name a local contact**
  At least 21, available 24/7, and able to reach the property within 30 minutes of a call from the city.
- [ ] **Register for lodgings tax**
  Total lodgings tax here is 16% plus $2 a night. The city's 10% and $2 room fee are self-administered by the city; the state and county shares go through My Alabama Taxes. Airbnb collects the state 5% and any state-administered local tax on its bookings. Ask your platform whether it also collects the other local taxes, and file anything it doesn't (and all direct bookings) by the 20th of each month.

House rules for guests

Parking: 1 space per bedroom, on site
No overnight street parking (proposed).

Events: No parties or large gatherings

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

City of Madison: Proposed Ordinance 2026-201, short-term rental regulations.
https://mccmeetingspublic.blob.core.usgovcloudapi.net/madisonal-meet-9199e8274ec24aaba0efe9f006dda969/ITEM-Attachment-001-8818b50eb93741219e5

City of Madison: Proposed Ordinance 2026-175, zoning amendment for short-term rentals.
https://mccmeetingspublic.blob.core.usgovcloudapi.net/madisonal-meet-9199e8274ec24aaba0efe9f006dda969/ITEM-Attachment-001-69417c928557432ead2

256 Today: After hours of debate, Madison joins cities regulating rather than banning short-term rentals (June 23, 2026)-
. https://256today.com/after-hours-of-debate-madison-joins-cities-regulating-rather-than-banning-short-term-rentals/