SAN MIGUEL COUNTY LODGING TAX PANEL

2/7/2023

Why does it exist?

- Colorado Revised Statutes Title 30. Government County § 30-11-107.5. Lodging tax for the advertising and marketing of local tourism.
- (a) All revenue collected from such county lodging tax, except the amounts retained under subsection (2) of this section, shall be credited to a special fund designated as the county lodging tax fund, hereby created. The fund shall be used only for the purposes approved by voters and to reimburse the general fund of the county for the cost of the election in accordance with subsection (3)(d) of this section. No revenue collected from such county lodging tax shall be used for any capital expenditures, with the exception of:(I) Capital expenditures for housing and childcare for the tourism-related workforce, including seasonal workers, and for other workers in the community;(II) Capital expenditures related to facilitating and enhancing visitor experiences; or(III) Tourist information centers.(b) Upon approval of a lodging tax for the purpose of advertising and marketing local tourism by the electors pursuant to this section, the county commissioners shall select a panel of no less than three citizens to administer the lodging tax fund; except that, if the money in the fund may also be used for any other purpose, then the panel shall only administer the portion of the fund that the board of county commissioners identifies as being available for advertising and marketing local tourism. The county commissioners shall appoint members from the tourism industry within the municipalities or unincorporated areas from which the lodging tax is collected. Where there is an established and proven marketing entity within the county formed for the purpose of advertising and marketing tourism, the panel is encouraged to use that entity, and that entity shall provide an accounting to the panel and to the county commissioners.(c) The panel, to the extent feasible, shall advertise and market tourism for the benefit of those unincorporated areas and municipalities from which the lodging tax originated.
- The SMC Lodging tax rate is 2%. It is collected by the state on hotels, motels, bed and breakfasts, STRs and other <30 day lodging and remitted to the county or its jurisdictions that have a dedicated lodging tax.

Highlights:

1. 1993 Lodging Tax Resolution passed (as approved by the electors) to impose a 2% tax within the County - except said tax would not apply within any municipality already levying a lodging tax unless said tax is repealed. At the time, Telluride had its own lodging tax. All revenue collected from this tax went into the County Lodging Tax Tourism Fund and the Lodging Panel was created.

2. By statute, county lodging tax funds can only be used for the purpose of advertising and marketing local tourism.

3. By ballot, "the proceeds of the tax will be administered for the promotion, marketing, and management of tourism in the Norwood Region and the Telluride Region, as defined by the R1 and R2 School Districts, respectively, in proportion to the amount of tax collected within each area".

4. Lodging Panel, by resolution, is made up of no less than 3 citizens of SMC and shall be appointed from the tourism industry. Where there is an established and proven marketing entity within the County formed for the purpose of advertising and marketing tourism, the panel is encouraged to use that entity.

5. Starting in 1994, the BOCC and Lodging Tax Panel began entering into agreements with entities for advertising and marketing for the R1 and R2 districts. The entity prior to Marketing Telluride, Inc for the R1 district was the Telluride & Mountain Village Convention & Visitors Bureau (TMVCVB) in 2004. They dissolved in 2005 and transferred their assets to Marketing Telluride, Inc (MTI).

6. Somewhere along the line, the Town repealed its lodging tax. They later reinstituted a 2% lodger's tax and a 2% excise tax. MTV collects a 4% lodging tax. It is 2% in the unincorporated county.

7. Service Agreement with MTI as of 10/24/05 lists the County, Town, and MV as "Investors" in MTI. County contributes 100% of the county lodging tax collected within the R1 district - minus the DOR's administrative fee as set forth in CRS 30-11-107.5(2)(b); Town contributes 80% of its occupation tax and business license fees minus a 6% admin fee; and MV contributes 100% of its business license fees and lodging tax revenue (it has its own 2% lodging tax as of 1998) minus admin fees (6% of the Business License Fees/1% of the Lodging Tax collections).

8. MTI is responsible to perform the following services and functions: integrate sales, advertising, public relations, promotions, and visitor services; maintain the Visitor Center; market the Telluride Region year round; pursue group and individual visitors; provide credible tracking and accountability data; and meet the Investor's minimum Return on Investment ratio of 15 to 1.

9. In addition, MTI shall a)prepare and submit a 2 year marketing plan to the Investors on an annual basis (no later than 10/31 each year) - Investors can comment on it, but said comments are non-binding on MTI; b) report to the Investors quarterly on the progress related to Performance Measures and no later than 4/1 of each year, MTI shall report to the Investors the outcome of the Performance Measures for the preceding year - and include this information in its Annual Report; and conduct an annual pubic forum to present results and seek public comment.

10. Investors shall review the Annual Report no later than June 1 of each year to determine Return on Investment compliance.

11. The term of agreement between the Investors and MTI was from October 24, 2005 through December 31, 2005 with annual renewal for terms of one calendar year unless the Investors jointly deliver written notice to MTI not less than 120 days prior to the expiration of the then current annual term of their election not to renew.

12. The last agreement with the Investors and MTI was updated in 2017.

13. The Towns of Telluride and Mountain village have separately contracted with MTI starting in 2022 to provide different scopes of marketing services for them. The county collects $40-70K/year from the R1 area for our contract with MTI.

What is the responsibility of the Lodging Tax Panel Members?

To attend the meetings, represent the tourism and marketing needs for the jurisdictions where the taxes are collected for the greater good of the businesses, residents and local economy.

How is the Lodging Tax Panel Governed?

By state statutes that govern the Panel, who are appointed by the BOCC, and the funds they oversee as well as the agreements that the panel has entered into with marketing organizations.

What is the current vision of the Lodging Tax Panel?

For the panel to decide. Currently, we're following the existing contracts with MTI (for R1) and the Norwood Chamber (for R2), both of which need to be updated. The current MTI contract was enacted in 2017. Legislation passed at the state last year allows for a ballot question to go to the voters to use the funds for other purposes.

TOWN OF TELLURIDE

Understanding Short-Term Rental Regulations

The Telluride Municipal Code and Land Use Code regulate rentals within the Town of Telluride and regulations vary depending upon the zone district in which the rental property is located. Short-term rentals (rentals for 29 days or less) are subject to both state and local sales and excise taxes, and most are subject to the newly enacted Affordable Housing Short-Term Rental Tax. In an effort to clarify rental regulation and taxation, the Town of Telluride provides the following information.

Short-Term Rental Taxation.

All short-term rentals in the Town of Telluride are subject to taxes which must be collected from renters and remitted by the property owner or manager. <u>It is important to note that most short-term rental websites will not remit taxes on an account holder's behalf.</u> Town of Telluride taxes are remitted directly to Town and State taxes to the Colorado Department of Revenue. ***Please Note: Rental websites handle tax remittance differently, some remitting no taxes, and some only certain taxes on behalf of the property owner. The property owners are ultimately responsible for ensuring compliance with all applicable state and local laws including tax collection and remittance.***

<u>8.65% Sales Tax</u>.

All short-term rentals are subject to an 8.65% sales tax broken down as follows:

4.5% Town of Telluride sales tax*
2.9% State of Colorado sales tax
1.0% San Miguel County sales tax
0.25% San Miguel Authority for Regional Transportation sales tax

*Town's 4.5% sales tax is inclusive of a 0.5% sales tax which supports affordable housing. Of the remaining 4% unencumbered sales tax revenue, 20% supports the Open Space Fund and the remainder supports the General Fund.

<u>2% Town Lodgers' Tax</u>.

Short-term rentals are also subject to a 2% Town Lodgers' Tax collected by all lodging establishments within Town of Telluride for the purpose of funding activities related to tourism or marketing of the Telluride community, managing the effects of tourism on the community and its natural resources, or for other Town purposes.

<u>2% Town of Telluride Excise Tax</u>.

Short-term rentals are also subject to Telluride's 2% excise tax which supports the Airline Guaranty Fund supporting air traffic to the region.

<u>2.5% Town of Telluride Affordable Housing Short-Term Rental Tax</u>.

All short-term rental properties except those assessed as Commercial by the San Miguel County Assessor are subject to the newly enacted 2.5% Town of Telluride Affordable Housing Short-Term Rental Tax. This tax was approved by the electorate in November 2019 and applies to all rentals beginning January 1, 2020.

For additional information regarding local taxes contact the Town of Telluride Finance Department at (970) 728-8436 or refer to the Town's website at http://telluride-co.gov/ under the Finance tab.

For information regarding County and State taxes contact the Colorado Department of Revenue at (303) 534-1208 or http://www.colorado.gov/revenue.

SHORT-TERM RENTALS ARE TAXED AT A RATE OF 15.15%

EXCEPTION: SHORT-TERM RENTALS IN PROPERTIES ASSESSED AS COMMERCIAL BY THE COUNTY ASSESSOR ARE TAXED AT A RATE OF 12.65% AS THEY ARE NOT SUBJECT TO THE TOWN OF TELLURIDE AFFORDABLE HOUSING SHORT-TERM RENTAL TAX AS EXPLAINED ABOVE

Decisions to make today:

- Appoint a Chairperson and Vice Chair
- Decide on meeting frequency and regular reports desired
- To have a great day!

Thank you!