



To: Mayor and Council
From: Jay Brunvand
Date: May 15, 2024
Agenda Item: Lodging Tax Ballot Discussion

REQUEST:

Staff is requesting to discuss and receive direction to proceed with a ballot question on the November 2025 County election to increase the existing lodging tax by five percentage points for residential Short-Term Rentals (STR) ONLY.

INTRODUCTION:

In November 2005, during a county wide coordinated election, the town passed a ballot measure allowing the town to assess a 1.5% Lodging Tax on all STR rentals. This included commercial lodging facilities as well as residential facilities. An STR is defined as a unit rented for 30 days or less. Staff is requesting direction to proceed with a ballot request in the November 2024 County wide coordinated election to increase the Lodging tax 5% points, from 1.5% to 6.5% for RESIDENTIAL rentals ONLY. Commercial properties are assessed property taxes at 26.3% and residential properties at 6.7% of assessed value. Due to this almost 4x variance, we are only looking at this tax to be applied only to residential STR's.

ANALYSIS:

The current and projected sales tax rates for STR are as follows. (NOTE: The commercial lodging would remain at the current level, the STR would move to the projected and non-lodging would sales tax would remain at 8.9%):

CURRENT Lodging Tax For both Residential and Commercial	Projected Lodging Tax for Residential
State 2.9%	State 2.9%
County 1.5%	County 1.5%
Transit 0.5%	Transit 0.5%
Town 4.0%	Town 4.0%
Lodging <u>1.5%</u>	Lodging <u>6.5%</u>
10.4%	15.4%

Estimating the projected revenue picture with this change:

	1.50%	6.5%*
2021	18,960	38,307
2022	20,457	61,081
2023	14,461	52,832

*Commercial factored at 1.5%

The above table shows what we received at 1.5% and what we would have received based on the combined 1.5% commercial and 6.5% residential STR. Our current 1.5% lodging tax is not designated for a specific use, rather, it is available for any General Fund use in the budget process. Although this is a very specific tax on a very specific funding source, often a tax question is more successful if the funds are directed or earmarked for a specific community need. Any ear mark directed should be based on the Strategic Plan. This could be, but not limited to, community enhancements, events, parks, child care, or housing options.

COMMUNITY INPUT:

In the Community Survey completed in April and presented to Council recently, this increase was considered. The community desired this increase by a 4-1 margin where 76% were in support. I have attached that question from the Council presentation.

BUDGET / STAFF IMPACT:

N/A

STRATEGIC PLAN ALIGNMENT:

In accordance with Strategy #3 to sustain and invest in the things that define Minturn as a proud, sturdy mountain town to "Keep Minturn Minturn". Minturn strongly values its full-time resident community. Founded by the working-class, the town continues to emphasize the local's experience and quality of life. To maintain the character of Minturn and its ability to transcend time, the community must continually make strides to emphasize the working class. Identification of diversification of revenue and financial stability were also discussed during the most recent Council Retreat.

RECOMMENDED ACTION OR PROPOSED MOTION:

Direction requested:

- Prepare a ballot question Ordinance and move forward in the November County election with this as proposed.
- How should revenue be allocated.
- Should BOTH the 1.5% and 6.5% be designated/ear marked.

ATTACHMENTS:

- Community Survey results for Lodging Tax