



CITY COUNCIL ACTION FORM

DEPARTMENT	PRESENTED BY	DATE
Administration	Sara Law - Deputy City Clerk	July 18, 2022

ITEM

Short Term Rental Taxation Discussion

BACKGROUND

In 2008, language for our Occupational Lodging tax was voted on and approved by Council (Ordinance 2008-35). The tax reads as follows "...levied a tax on the leasing or renting of rooms or other accommodations with the City of Salida for less than thirty (30) consecutive days at the rate of \$2.50 **per night per occupied room**". We have increased the rate to \$3.66 and have the opportunity to increase it to \$4.82 within the language of the Ordinance. This lodging tax affects both short term rentals and hotels.

Prior to our Ordinance change, our Short Term Rental program had some of the following restrictions*:

1. 75 license cap on short term rentals (3.5%)
2. 1 short term rental per street segment in the Residential neighborhoods
3. Difference in nights available to rent in Residential v. Commercial/Industrial. Residential units could only rent up to 185 days whereas there was no limit imposed on Commercial.

*These restrictions are still in place.

As short term rentals grew in popularity, the City contracted with a software called LodgingRevs. LodgingRevs serves as a monitoring system for the city so we can capture all the short term rentals in town and determine whether there are short term rentals operating without a city license. We decided to go paperless in January of 2022, and add a feature to our existing compliance software called "MuniRevs". This addition allowed for residents to apply for a new short term rental, renew the short term rental and pay their taxes online.

To review our current state of short term rentals, we collected:

OLT Taxes earned in 2021	\$389,256.05
License fees in 2021	\$58,590

We currently have 212 active licenses and the average short term rental makes about \$240 a night. This number will likely increase by about 10 licenses or so since we are in the process of reviewing our terminations and accepting people off our waitlist.



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