



# CITY COUNCIL ACTION FORM

<b>DEPARTMENT</b> Administration	<b>PRESENTED BY</b> Drew Nelson - City Administrator	<b>DATE</b> December 6, 2022
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## **ITEM**

Ordinance 2022-24 – An Ordinance of the City Council for the City of Salida, Colorado Imposing and Increasing Certain Occupation Taxes on the Business of Leasing or Renting Short-Term Rental Units in the City, Emergency Ordinance, First Reading and Setting a Public Hearing

## **BACKGROUND**

A general election was held in Salida on November 8, 2022 in which two ballot measures referred to the voters by the Salida City Council were approved. Ballot measures 2A and 2B (which would impose an annual \$1,000 tax on STR permits, and impose a nightly rate for STR rentals of \$15 per bedroom or sleeping area, respectively) were approved by the voters and the Clerk has certified the vote. In the wake the two measures passing, the Salida Municipal Code must now be amended to reflect the will of the voters.

Attached is a draft of Ordinance 2022-24, which would amend Sections 4-6-10 and 4-6-20 of the SMC to identify the Occupation Tax as well as where the revenues would be directed and how they would be used. Specifically, the Ordinance notes that the revenues will be used to promote affordable housing in the City, and shall be deposited in the City's Housing Fund that was created by Ordinance 2018-14. Monies in that fund can only be used for affordable housing purposes, and all expenditures will be tracked accordingly.

Finally, as this Occupation Tax is set to commence on January 1, 2023, as approved by voters, the Ordinance needs to be passed as an Emergency Ordinance in order to take effect immediately. However, we are proposing two readings of the Ordinance to allow for ample notice and any additional feedback from the public ahead of implementation. We have scheduled the second reading and public hearing for December 20, 2022. As this is an Emergency Ordinance, approval must be given by three-quarters of the City Council.

## **FISCAL NOTE**

City staff has estimated that revenues from Ballot Measures 2A and 2B would generate approximately \$800,000 to be used for affordable housing purposes.

## **STAFF RECOMMENDATION**

Staff recommends that the City Council approve Ordinance 2022-24 to implement the direction of the electorate from the November 8, 2022 general election results for Ballot Measures 2A and 2B and to impose changes to the Occupation Tax, to be made effective January 1, 2023.

## **SUGGESTED MOTION**

A City Councilperson should state, "I move approve Ordinance 2022-24 as an Emergency Ordinance and schedule a second reading and public hearing for December 20, 2022", followed by a second and a roll call vote.

**CITY OF SALIDA, COLORADO**  
**ORDINANCE NO. 24**  
**(Series of 2022)**

**AN ORDINANCE OF THE CITY COUNCIL FOR THE CITY OF SALIDA,  
COLORADO IMPOSING AND INCREASING CERTAIN OCCUPATION TAXES  
ON THE BUSINESS OF LEASING OR RENTING SHORT-TERM RENTAL  
UNITS IN THE CITY**

**WHEREAS**, the City of Salida, Colorado (the “City”) is a statutory city, duly organized and existing under the laws of the State of Colorado; and

**WHEREAS**, pursuant to C.R.S. § 31-15-501(1)(c), the City possesses the authority “[t]o license, regulate, and tax, subject to any law of this state, any lawful occupation, business place, amusement, or place of amusements and to fix the amount, terms, and manner of issuing and revoking licenses issued therefor;” and

**WHEREAS**, pursuant to Article X, Section 20 of the Colorado Constitution, voter approval is required for the imposition of new taxes and for the increase of existing taxes; and

**WHEREAS**, the City is currently experiencing a severe shortage of permanent housing and long-term rental units for its residents the local workforce, and the diversion of the existing housing stock for short-term rentals contributes to the City’s housing shortage and has a direct and indirect impact on affordability and the availability of housing; and

**WHEREAS**, the City Council has determined that the imposition of new taxes and increasing existing taxes on short-term rental license holders and diverting this revenue towards affordable housing efforts will improve the availability of affordable housing for the local workforce and residents; and

**WHEREAS**, the City Council found it desirable and appropriate, and in the best interest of the general health, safety, and welfare of its residents to submit to the electors of the City, certain ballot questions concerning the imposition and increase of certain occupation taxes on the business of leasing or renting short-term units; and

**WHEREAS**, at a City election held on November 8, 2022, the electors of the City of Salida approved imposition of an annual occupation tax of one-thousand dollars and a tax of fifteen dollars per bedroom per night that a short-term rental unit is occupied, on the business of leasing or renting short term rental units in the City; and

**WHEREAS**, furthermore, in order to have this ordinance take effect by January 1, 2023, as directed by the electors of the City, the City Council determines that it is necessary that this ordinance be adopted as an emergency ordinance, so that it may take effect immediately, rather than being delayed in taking effect in the usual manner; and

**WHEREAS**, the City Council accordingly finds, determines and declares that this ordinance is necessary for the immediate preservation of the public health, safety and welfare and that this ordinance should therefore become effective immediately upon adoption, as provided by C.R.S. 31-16-105.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL FOR THE**

**CITY OF SALIDA, COLORADO AS FOLLOWS:**

**Section 1.** The foregoing recitals are hereby incorporated as conclusions, facts, determinations, and findings by the City Council.

**Section 2.** Salida Municipal Code Section 4-6-10, concerning Tax levied, is amended by the addition of a new subsection to read as follows:

**Sec. 4-6-10. - Tax levied.**

**(a)** There is hereby levied an occupation tax on the business of leasing or renting of rooms or other accommodations within the City of Salida for less than thirty (30) consecutive days at the rate of four dollars and eighty-two cents (\$4.82) per night per occupied room. The person or entity furnishing such short-term accommodations shall pay the tax to the City. All sums of money due pursuant to this Section shall be and remain public money and the property of the City held in trust for the sole use and benefit of the City.

**(b) Commencing January 1, 2023, pursuant to C.R.S. 31-15-501(1)(c), there is levied an occupation tax on the business of leasing or renting short-term rental units, as that term is defined in Sec. 6-6-10 of this Code, within the City of Salida, in lieu of the tax imposed by subsection (a) of this Section, as follows:**

- i. **An annual payment of one-thousand dollars (\$1000.00), to be collected at the time of permit issuance or renewal, and**
- ii. **A tax of fifteen dollars (\$15.00) per bedroom, as that term is defined in Sec. 16-1-80 of this Code, in the short-term rental unit, for each night that the short-term rental unit is occupied, to be collected pursuant to Section 4-6-30.**

**The person or entity furnishing such short-term rental unit shall pay the tax to the City. All sums of money due pursuant to this subsection (b) shall be and remain public money and the property of the City. As directed by City voters at an election held on November 8, 2022, the proceeds of the tax levied in this subsection (b) shall be used to promote affordable housing in the City, as further described in Section 4-6-20(b).**

**Section 3.** Salida Municipal Code Section 4-6-20, concerning Tax revenues pledged for certain purposes, is amended by the addition of a new subsection to read as follows:

**Sec. 4-6-20. - Tax revenues pledged for certain purposes.**

**(a)** The proceeds of the occupational lodging tax described in Section 4-6-10(a), together with investment earnings thereon, shall be used primarily for capital improvements and operations expenses for parks and recreation and arts facilities in the City, including, without limitation, the Aquatic Center and the SteamPlant Theater.

**(b) The proceeds of the occupation tax on the business of leasing or renting short-term rental units described in Section 4-6-10(b), together with investment earnings thereon, shall be deposited into the City's Housing Fund created by Ord. No. 2018-14, and shall be used to promote affordable housing in the City.**

**Section 4.** **Severability.** The provisions of this ordinance are severable and the invalidity of any section, phrase, clause, or portion of the ordinance as determined by a court of competent jurisdiction shall not affect the validity or effectiveness of the remainder of this ordinance.

**Section 5.** Emergency declaration. Pursuant to C.R.S. § 31-16-105, the City Council hereby finds, determines and declares that an emergency exists and that this ordinance is necessary for the immediate preservation of the public health, safety and welfare and the financial well-being of the City because at a City election held on November 8, 2022, the electors of the City of Salida approved the applicable imposition of these annual occupation taxes with an effective date of January 1, 2023, and therefore, in order to have this ordinance take effect by January 1, 2023, as directed by the electors of the City, this ordinance must be passed as an emergency ordinance.

INTRODUCED ON FIRST READING on this 6<sup>th</sup> day of December, 2022, ADOPTED and ORDERED PUBLISHED IN FULL in a newspaper of general circulation by the City Council on this \_\_\_\_ day of \_\_\_\_\_, 2022, and set for second reading and public hearing on the 20<sup>th</sup> day of December, 2022.

INTRODUCED ON SECOND READING FINALLY ADOPTED and ORDERED PUBLISHED BY TITLE ONLY, by the City Council on this 20th day of December 2022.

City of Salida

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Mayor Dan Shore

ATTEST:

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City Clerk/Deputy City Clerk