



CITY COUNCIL ACTION FORM

DEPARTMENT	PRESENTED BY	DATE
Administration	Drew Nelson - City Administrator	October 4, 2022

ITEM

Ordinance 2022-18 – An Ordinance of the City Council for the City of Salida, Colorado, Amending Chapter 4, Article VI of the Salida Municipal Code, Regarding the Occupational Lodging Tax, to Conform the Tax with the Full, Voter-Approved Amount, Second Reading and Public Hearing

BACKGROUND

In November of 2008, Salida voters approved a ballot question to impose an Occupational Lodging Tax (OLT) of \$4.82 per night, per occupied room on short-term commercial lodging in the City. The purpose of the OLT is confined to funding parks and recreation and arts facilities and programs, specifically noting the Salida Hot Springs Aquatic Center and the SteamPlant Events Center. Following the election, the Salida City Council determined to not immediately implement the fully-approved tax amount of \$4.82 per night, opting instead to implement the OLT at \$2.50 per occupied room per night. In 2018, the City Council incrementally increased the OLT to \$3.66 per night per occupied room, and indicated at that time that future increases were necessary to keep pace with costs and inflation of providing parks, recreation and arts facilities and programming.

In conjunction with the City Council's prior guidance, staff has prepared the attached Ordinance 2022-18 to increase the OLT to its fully-approved amount of \$4.82 per occupied room per night. As noted previously, this has already been approved by Salida voters and thus does not need to be approved via election again. Also, this revenue stream can only be used for providing parks, recreation and arts facilities and programming; a separate ballot measure will be before voters on November 8, 2022, to separately tax Short-Term Rentals (which do not include commercial lodging facilities) for the purpose of funding affordable housing projects and programs. Please note that the effective date on this proposed Ordinance is January 1, 2023, which would allow for a smooth transition for those remitting the OLT to the City as it is the beginning of a reporting quarter (rather than in the middle of a reporting period).

FISCAL NOTE

Through staff's analysis of the 2022 ballot measures regarding Short-Term Rentals, it was determined that hotels/motels currently generate approximately \$302,000 through the existing OLT. By increasing the OLT to its full amount, it is anticipated to generate an additional \$96,000 (for a total of \$398,000 in projected annual revenue). This amount would offset the current STR-related revenues of \$88,000 should the November 2022 ballot measures pass, keeping funding levels flat to where they are in 2021/2022.

STAFF RECOMMENDATION

Staff recommends that the City Council approve Ordinance 2022-18 to increase the City's Occupational Lodging Tax to its fully-voter-approved amount of \$4.82 per occupied room per night.

SUGGESTED MOTION

A City Councilmember should state, "I move to approve Ordinance 2022-18 on second reading", followed by a second and a roll call vote.

CITY OF SALIDA, COLORADO
ORDINANCE NO. 18
(Series of 2022)

**AN ORDINANCE OF THE CITY COUNCIL FOR THE CITY OF SALIDA,
COLORADO AMENDING CHAPTER 4, ARTICLE VI OF THE SALIDA
MUNICIPAL CODE, REGARDING THE OCCUPATIONAL LODGING TAX, TO
CONFORM THE TAX WITH THE FULL, VOTER-APPROVED AMOUNT**

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

WHEREAS, pursuant to C.R.S. § 31-15-501(1)(c), the City, by and through its City Council, possesses the authority “to license, regulate, and tax, subject to any law of this state, any lawful occupation, business place, amusement, or place of amusements;”

WHEREAS, by Resolution No. 63, Series of 2008, the City Council submitted a ballot question to the voters regarding the imposition of an occupational lodging tax of \$4.82 per night, per occupied room on short-term commercial lodging in the City for the purpose of funding parks and recreation and arts facilities;

WHEREAS, on November 4, 2008, a majority of the qualified electors in the City voted in favor of the occupational lodging tax ballot question;

WHEREAS, Resolution No. 63, Series of 2008, further authorized the City Council to proceed with the necessary actions to impose an occupational lodging tax in accordance with the ballot question, including approval of an implementing ordinance;

WHEREAS, in accordance with this voter direction, the City Council adopted Ordinance No. 35, Series of 2008, which adopted a tax of \$2.50 per night, per occupied room at the time, with an increase to the full \$4.82 per night, per occupied room to occur at a later date;

WHEREAS, by Ordinance No. 15, Series of 2018, the City Council incrementally increased the occupational lodging tax to \$3.66 per night, per occupied room, further nearing the full amount of the tax approved by voters; and

WHEREAS, the City Council now finds it desirable and appropriate, and in the best interest of the general health, safety, and welfare of its residents to amend Chapter 4, Article VI of the Salida Municipal Code (the “Code”) to conform the occupational lodging tax with the full amount previously authorized by voters.

**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. Section 4-6-10 of the Code, concerning the occupational lodging tax, is hereby amended to read as follows:

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

~~Commencing March 1, 2009, pursuant to C.R.S. § 31-15-501(1)(c) there~~ **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, ~~provided, however, that the tax shall be subject to a temporary reduction of two dollars and thirty-two cents (\$2.32) until February 1, 2019, making the total occupational lodging tax assessed, until, February 1, 2019 to be two dollars and fifty cents (\$2.50) per night per occupied room. Effective February 1, 2019, the temporary occupational lodging tax shall be three dollars and sixty-six cents (\$3.66) 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.

Section 3. *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 the ordinance.

Section 4. *Effective Date.* This ordinance shall become effective on January 1, 2023.

INTRODUCED ON FIRST READING on this ___ day of _____, 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 ___ day of _____, 2022.

INTRODUCED ON SECOND READING, FINALLY ADOPTED, and ORDERED PUBLISHED IN FULL by the City Council on this ___ day of _____, 2022.

City of Salida

Mayor Dan Shore

ATTEST:

City Clerk/Deputy City Clerk