



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number:	LLS 22-0053	Date:	September 21, 2022
Prime Sponsors:	Rep. Roberts; Catlin Sen. Coram; Donovan	Bill Status:	Signed into Law
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Bill Topic: **USE OF LOCAL LODGING TAX REVENUE**

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill expands the allowable uses of revenue from local marketing districts' marketing and promotion taxes and county lodging taxes, which increases flexibility in local government spending of existing revenue.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Summary of Legislation

The bill expands the allowable uses of revenue from state-collected local marketing districts and county lodging tax. For local marketing districts, the bill allows districts to use the funds for housing and childcare for the tourism-related workforce, seasonal workers, and other workers in the community. Under the bill, districts may use the revenue for capital expenditures related to these purposes. For counties, the bill allows lodging tax revenue to be used for housing and childcare for the tourism-related workforce, seasonal workers, and other workers in the community. For both types of tax, at least 10 percent of the revenue must be used for the existing allowable uses under current law. The expanded uses of each tax are conditional on voter approval.

Background

Local governments in Colorado may establish local marketing districts according to the Local Marketing District Act in Section 29-25-101 C.R.S. With voter approval, the district may impose a marketing and promotion tax on rooms and accommodations that is collected by the Department of Revenue. Under current law, marketing and promotion tax revenue is limited to certain uses including:

- Organization, promotion, marketing, and management of public events;

- Activities in support of business recruitment, management, and development; and
- Coordinating tourism promotion activities.

Districts are not allowed to use marketing and district tax revenues for capital expenditures, except for tourist information centers. There are six local marketing districts, including Alamosa County, Estes Park, Gunnison County, Moffat County, Steamboat Springs, and Vail.

Counties in Colorado may levy a county lodging tax up to 2.0 percent for use in tourism promotion, with voter approval per Section 30-11-107.5, C.R.S. Under current law, counties may not use lodging tax revenue for capital expenditures, except for tourist information centers. Currently, 29 counties have a county lodging tax.

Local Government

The bill will increase flexibility for counties and local marketing districts depending on how they use revenue generated from existing lodging and marketing and promotion taxes, respectively.

Effective Date

The bill was signed into law by the Governor on March 31, 2022, and it took effect on August 9, 2022.

State and Local Government Contacts

Counties	Information Technology	Local Affairs
Municipalities	OEDIT	Revenue
Special Districts		