

CHAPTER 62

TAXATION

HOUSE BILL 22-1117

BY REPRESENTATIVE(S) Roberts and Catlin, Bird, Boesenecker, Exum, Froelich, Gray, Hooton, Kipp, Lindsay, McCluskie, Michaelson Jenet, Ricks, Snyder, Titone, Valdez D.;
also SENATOR(S) Coram and Donovan, Bridges, Buckner, Gonzales, Hansen, Hinrichsen, Kolker, Lee, Moreno, Rankin, Winter.

AN ACT**CONCERNING THE USE OF REVENUE FROM A LOCAL TAX ON LODGING.**

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. (1) The general assembly hereby finds and declares that:

(a) In recent years, the role of destination marketing and management organizations in Colorado has evolved to not only support economic growth through tourism, but also to address the social, cultural, and environmental issues related to tourism. In addition to inspiring travel to and within a destination and enhancing a visitor's experience, destination marketing and management organizations now use their expertise to protect our destinations' cultural and natural assets and improve our residents' quality of life. For example, the Colorado tourism office has embedded destination stewardship and sustainable travel principles into its strategic plans, annual campaigns, and key programming.

(b) Destination marketing and management organizations across the state are increasingly using their marketing budgets and robust communication channels to disperse travelers and educate visitors on how to travel responsibly and lessen their impact. With values-based marketing campaigns and educational programs like the Colorado tourism office's "Care for Colorado" and "Do Colorado Right", these organizations are well-positioned to deliver messages that encourage the positive change our communities ask all visitors--local, domestic, and international--to adopt while in Colorado.

(c) The strides and responsive nature of this marketing approach play a key role in ensuring that visitors responsibly enjoy their stays in the state. A visitor's

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

experience is also heavily influenced by the host community's ability to support their residents and local workforce with housing and other essential services, as well as a strong quality of life that comes with our amazing natural and cultural assets. A thriving community ensures more positive visitor interactions and experiences in our restaurants, on our trails, and throughout our main streets. This, in turn, increases the likelihood that a visitor will return and continue to support our local businesses. Robust support for our residents' needs is essential to the long-term health of both our communities and our economy.

SECTION 2. In Colorado Revised Statutes, 29-25-111, **amend** (1)(e) as follows:

29-25-111. General powers of district. (1) The district has the following powers, except as limited by the operating plan:

(e) (I) To provide any of the following services within the district:

(A) Organization, promotion, marketing, and management of public events;

(B) Activities in support of business recruitment, management, and development;

(C) Coordinating tourism promotion activities;

(D) HOUSING AND CHILDCARE FOR THE TOURISM-RELATED WORKFORCE, INCLUDING SEASONAL WORKERS, AND FOR OTHER WORKERS IN THE COMMUNITY; OR

(E) FACILITATING AND ENHANCING VISITOR EXPERIENCES.

(II) No revenue collected from the marketing and promotion tax levied under section 29-25-112 may be used for any capital expenditures, with the exception of:

(A) CAPITAL EXPENDITURES FOR HOUSING AND CHILDCARE FOR THE TOURISM-RELATED WORKFORCE, INCLUDING SEASONAL WORKERS, AND FOR OTHER WORKERS IN THE COMMUNITY;

(B) CAPITAL EXPENDITURES RELATED TO FACILITATING AND ENHANCING VISITOR EXPERIENCES; OR

(C) Tourist information centers.

SECTION 3. In Colorado Revised Statutes, 29-25-112, **amend** (1)(a) as follows:

29-25-112. Power to levy tax. (1) (a) In addition to any other means of providing revenue for a district, the board has the power within the district to levy a marketing and promotion tax on the purchase price paid or charged to persons for rooms or accommodations as included in the definition of "sale" in section 39-26-102 (11). ~~C.R.S.~~ Such tax shall be specified in the petition organizing the district under section 29-25-105. No such tax shall take effect unless approved by a majority of the eligible electors voting thereon at a general election or a special election called for such purpose. IF A DISTRICT SEEKS TO USE THE TAX REVENUE FOR A PURPOSE SPECIFIED IN SUBSECTION (1)(e)(I)(D) OR (1)(e)(I)(E) OF THIS SECTION, THEN THE BALLOT ISSUE AUTHORIZING THE USE MUST SPECIFY HOW THE DISTRICT

WILL SPEND THE TAX REVENUE UNDER EITHER SUBSECTION. IF THE ALLOWABLE USES OF REVENUE FROM A TAX APPROVED BY VOTERS PRIOR TO JANUARY 1, 2022, DO NOT INCLUDE AN ADDITIONAL AUTHORIZED USE ADDED TO SECTION 29-25-111 (1)(e) AFTER JANUARY 1, 2022, THE DISTRICT SHALL NOT USE THE TAX REVENUE FOR THE ADDITIONAL USE UNLESS SUBSEQUENTLY APPROVED BY VOTERS AT A GENERAL ELECTION OR A SPECIAL ELECTION. IF, AFTER JANUARY 1, 2022, THERE IS A NEW TAX CREATED OR THE ALLOWABLE USES OF AN EXISTING TAX ARE EXPANDED, AT LEAST TEN PERCENT OF THE TAX REVENUE MUST BE USED FOR PURPOSES THAT WERE AUTHORIZED UNDER SECTION 29-25-111 (1)(e) PRIOR TO JANUARY 1, 2022. Elections held pursuant to this section shall be conducted in substantially the same manner as municipal or county elections and in accordance with the provisions of section 20 of article X of the state constitution. The municipal or county clerk and recorder of each local government in which the election is conducted shall assist the district in conducting the election. The district shall pay the costs incurred by each local government in conducting such an election. No ~~moneys~~ MONEY of the district may be used to urge or oppose passage of an election required under this section.

SECTION 4. In Colorado Revised Statutes, 30-11-107.5, **amend** (1), (3)(b)(I), (3)(e), (3)(f)(I), (4)(a), and (4)(b); and **add** (1.5), (3)(a.5), and (3)(g) as follows:

30-11-107.5. Lodging tax. (1) In accordance with the procedures set forth in this section, the board of county commissioners of each county, for ~~the purpose of advertising and marketing local tourism~~ ONE OR MORE OF THE PURPOSES SPECIFIED IN SUBSECTION (1.5) OF THIS SECTION, may levy a county lodging tax of not more than two percent on the purchase price paid or charged to persons for rooms or accommodations as included in the definition of "sale" in section 39-26-102 (11). ~~C.R.S.~~ No tax shall apply within any municipality levying a lodging tax.

(1.5) (a) SUBJECT TO THE LIMITATION SET FORTH IN SUBSECTION (1.5)(b) OF THIS SECTION, A COUNTY BOARD OF COMMISSIONERS MAY LEVY THE TAX SPECIFIED IN SUBSECTION (1) OF THIS SECTION FOR THE PURPOSE OF:

(I) ADVERTISING AND MARKETING LOCAL TOURISM;

(II) HOUSING AND CHILDCARE FOR THE TOURISM-RELATED WORKFORCE, INCLUDING SEASONAL WORKERS, AND FOR OTHER WORKERS IN THE COMMUNITY; OR

(III) FACILITATING AND ENHANCING VISITOR EXPERIENCES.

(b) IF, AFTER JANUARY 1, 2022, THERE IS A NEW LODGING TAX CREATED OR THE ALLOWABLE USES OF AN EXISTING LODGING TAX ARE EXPANDED IN ACCORDANCE WITH SUBSECTION (3)(a.5) OF THIS SECTION, AT LEAST TEN PERCENT OF THE LODGING TAX REVENUE MUST BE USED FOR THE PURPOSE OF ADVERTISING AND MARKETING LOCAL TOURISM.

(3) (a.5) IF, PRIOR TO JANUARY 1, 2022, THE VOTERS OF A COUNTY APPROVED A COUNTY LODGING TAX FOR THE PURPOSE OF ADVERTISING AND MARKETING LOCAL TOURISM, THE BOARD OF COUNTY COMMISSIONERS MAY, BY RESOLUTION, APPROVE A PROPOSAL TO ALLOW THE COUNTY LODGING TAX REVENUES TO ALSO BE USED FOR ANY OF THE ADDITIONAL PURPOSES SPECIFIED IN SUBSECTION (1.5) OF THIS SECTION. THE COUNTY SHALL REFER THE PROPOSAL TO THE REGISTERED ELECTORS OF THE

UNINCORPORATED AREAS AND THE MUNICIPALITIES SUBJECT TO THE LODGING TAX AT THE NEXT GENERAL ELECTION.

(b) (I) ~~Such~~ A proposal ~~shall~~ FOR A COUNTY LODGING TAX UNDER SUBSECTION (3)(a) OF THIS SECTION MUST contain a description of the proposed county lodging tax, ~~including its purposes, and shall~~ MUST state the amount to be imposed, and ~~shall~~ MUST describe any municipality within the county ~~which~~ THAT has such a tax and ~~which shall~~ IS therefore be excluded from the election proposed in ~~paragraph (a) of this subsection (3)~~ SUBSECTION (3)(a) OF THIS SECTION and any resulting lodging tax.

(e) Upon the adoption of the resolution by the board of county commissioners approving ~~such~~ A county lodging tax proposal IN ACCORDANCE WITH SUBSECTION (3)(a) OR (3)(a.5) OF THIS SECTION, the county clerk and recorder shall publish the text of ~~such county lodging tax~~ THE proposal four separate times, a week apart, in a newspaper of general circulation within the county. The cost of the election ~~shall~~ MUST be initially paid out of the general fund of the county. If the county lodging tax is approved, the general fund of the county ~~shall~~ MUST be reimbursed out of the county lodging tax ~~tourism~~ fund described in ~~paragraph (a) of subsection (4)~~ SUBSECTION (4)(a) of this section. The conduct of the election shall conform, so far as practicable, to the general election laws of the state.

(f) (I) IF A PROPOSAL FOR A COUNTY LODGING TAX UNDER SUBSECTION (3)(a) OF THIS SECTION IS approved by a majority of the registered electors from the municipality or unincorporated area subject to the lodging tax voting thereon, the county lodging tax ~~shall become~~ BECOMES effective as provided in section 29-2-106 (2). ~~C.R.S.~~ IF A PROPOSAL TO EXPAND THE ALLOWABLE USES UNDER SUBSECTION (3)(a.5) OF THIS SECTION IS APPROVED BY A MAJORITY OF THE REGISTERED ELECTORS FROM THE MUNICIPALITY OR UNINCORPORATED AREA VOTING THEREON, THE COUNTY MAY ALSO USE THE LODGING TAX REVENUE FOR ANY OF THE ADDITIONAL APPROVED USES AS SPECIFIED IN SUBSECTION (1.5) OF THIS SECTION.

(g) IF A COUNTY SEEKS TO USE LODGING TAX REVENUE FOR A PURPOSE SPECIFIED IN SUBSECTION (1.5)(a)(II) OR (1.5)(a)(III) OF THIS SECTION, THEN THE BALLOT ISSUE AUTHORIZING THE USE MUST SPECIFY HOW THE COUNTY WILL SPEND THE LODGING TAX REVENUE UNDER EITHER SUBSECTION.

(4) (a) All revenue collected from such county lodging tax, except the amounts retained under subsection (2) of this section, shall be credited to a special fund designated as the county lodging tax ~~tourism~~ fund, hereby created. The fund shall be used only to ~~advertise and market tourism in accordance with paragraphs (b) and (c) of this subsection (4)~~ FOR THE PURPOSES APPROVED BY VOTERS and to reimburse the general fund of the county for the cost of the election in accordance with ~~paragraph (d) of subsection (3)~~ SUBSECTION (3)(d) of this section. No revenue collected from such county lodging tax shall be used for any capital expenditures, with the exception of:

(I) CAPITAL EXPENDITURES FOR HOUSING AND CHILDCARE FOR THE TOURISM-RELATED WORKFORCE, INCLUDING SEASONAL WORKERS, AND FOR OTHER WORKERS IN THE COMMUNITY;

(II) CAPITAL EXPENDITURES RELATED TO FACILITATING AND ENHANCING VISITOR EXPERIENCES; OR

(III) Tourist information centers.

(b) Upon approval of a lodging tax FOR THE PURPOSE OF ADVERTISING AND MARKETING LOCAL TOURISM by the electors pursuant to this section, the county commissioners shall select a panel of no less than three citizens to administer the ~~tourism~~ LODGING TAX fund; EXCEPT THAT, IF THE MONEY IN THE FUND MAY ALSO BE USED FOR ANY OTHER PURPOSE, THEN THE PANEL SHALL ONLY ADMINISTER THE PORTION OF THE FUND THAT THE BOARD OF COUNTY COMMISSIONERS IDENTIFIES AS BEING AVAILABLE FOR ADVERTISING AND MARKETING LOCAL TOURISM. ~~THE COUNTY COMMISSIONERS SHALL APPOINT members of the panel shall be appointed~~ from the tourism industry within the municipalities or unincorporated areas from which the lodging tax is collected. Where there is an established and proven marketing entity within the county formed for the purpose of advertising and marketing tourism, the panel is encouraged to use that entity, and that entity shall provide an accounting to the panel and to the county commissioners.

SECTION 5. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section I (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2022 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: March 31, 2022