



## Legislation Text

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Agenda Date: 06/25/2019

Subject:  
Potential Ballot Issues

Presented By: Mark Relph, City Manager Tiffany Hooten, Finance Director

### REQUESTED COUNCIL ACTION:

Does council support a lodging tax and/or admissions tax be placed on the November 2019 ballot?

### BACKGROUND:

At the January 25-26, 2019 retreat, council discussed long-term strategies for addressing capital needs. At the April 9, 2019 study session, as part of the "Proposed 2019-2020 Work Plan", council discussed the objective to identify and assess opportunities for funding capital needs, recognizing the city does not have a dedicated revenue source to address them. Staff provided information on a variety of options for each of these discussions and during the retreat, council worked through benefits and concerns, as well as participated in a brainstorming exercise.

Potential ballot issues were discussed at the June 11, 2019 study session. Council directed staff to provide additional information related to a lodging tax and admissions tax for further discussion for the 2019 election. Potential ballot issues for 2020 or beyond were noted for future discussion such as a sales tax increase, direct elect mayor, and city manager severance.

### STAFF ANALYSIS:

Ballot questions take considerable time and preparation. Staff from multiple departments will need to work on the technical and statutory requirements as well as plan and implement any citizen education initiatives. For the best outcome, which would include, focus groups, and public education around an issue, staff will need direction tonight for a 2019 ballot measure. The table below outlines important dates for consideration. While some dates have passed or are nearing, it is important to consider the timeline.

DATE	ITEM
May 14, 2019	Preferred timing to receive direction to begin polling/education initiatives
June 25, 2019	Latest possible study session to provide direction to city clerk Limits opportunities for polling/education initiatives
August 6, 2019	Latest regular meeting date for council to refer ballot measures - 1 <sup>st</sup> reading
August 20, 2019	Latest regular meeting date for council to refer ballot measures - 2 <sup>nd</sup> reading
August 27, 2019	Last day to sign IGA's with counties
September 6, 2019	Certification of ballot to counties

September 20, 2019	Last day to file pro/con statements with the city clerk. (only for TABOR/tax questions)
September 24, 2019	TABOR pro/con statements due to the county for the Blue Book
October 4, 2019	Last day for county clerks to mail TABOR Blue Book to voters
October 14, 2019	First day counties mail ballots to voters
November 5, 2019	Election Day

### ***Lodging tax***

This city has discussed a possible lodging tax on several occasions over the past 10 years. The most recent discussion was in 2013, which led to a ballot question in the November 2013 election for a 3% lodging tax. The question was ultimately defeated by 63% of the voters. At that time, the city only had one major hotel. Today, the city has four major hotels and several registered short-term rental locations.

The City of Littleton's sales tax rate of 3.00% already applies to lodging of thirty days or less at hotels, motels, and campgrounds. Ordinarily, the lodging sales tax or accommodations tax is applied to the price of renting or leasing lodging for less than 30 consecutive days. The State of Colorado, Douglas, Arapahoe, and Jefferson Counties all collect sales tax on lodging stays of thirty days or less.

Staff surveyed several cities in the Denver metro area. The lodging tax rates vary; however, the average is 5.19% with Denver being the highest at 10.75% and Broomfield being the lowest at 1.60%. Some cities collect a lodging tax besides a sales tax, while others collect a lodging tax in lieu of a sales tax.

This tax can be dedicated to a specific purpose at council's discretion.

### ***Admissions Tax***

The city briefly discussed an admissions tax in 2013; however, the council did not pursue this tax further. The city is limited in obtaining information to determine the true impact of assessing an admissions tax; however, we have gathered some preliminary information.

Staff surveyed several cities in the Denver Metro area. Thirteen of the twenty five cities surveyed assessed an admissions tax or fee. The admissions tax varies; however, the average is 4.43% with the highest at 10.00% being Denver and the lowest at 3% for several cities. The average excluding Denver is 3.88%.

The city has discretion as to what types of admissions would be subject to the tax. The following are examples of types of admissions that could be subject to the tax depending on council direction.

- Town Hall Arts Center events
- Hudson Gardens Events
- Alamo Drafthouse movie tickets
- Various outdoor concerts/events both private and public where admission ticket is required
- Regular and miniature golf
- Shooting ranges

This tax can be dedicated to a specific purpose at council's discretion.

### **FISCAL IMPACTS:**

There will be additional revenues to the city should these taxes be introduced on the ballot and subsequently approved by voters. The following discusses the potential revenues related to these two taxes.

### ***Lodging tax***

Council has discretion as to the amount of the tax. The following chart reflects annual estimates for lodging taxes based on various rates. This is in addition to sales tax. A listing of lodging tax rates in the Denver Metro area has been attached.

<b>Tax Rate</b>	<b>Additional Revenues</b>
3.00%	\$ 400,000
6.00%	\$ 800,000
9.00%	\$ 1,200,000
12.00%	\$ 1,500,000

For comparison, the following chart reflects the impact to a patron.

	<b>Current Sales Tax</b>		<b>Additional Lodging Tax</b>			
	<b>7.25%</b>	<b>3%</b>	<b>6%</b>	<b>9%</b>	<b>12%</b>	
<b>Room Rate</b>	\$ 135.00	\$ 135.00	\$ 135.00	\$ 135.00	\$ 135.00	
<b>State/Cty/RTD Tax - 4.25%</b>	\$ 5.74	\$ 5.74	\$ 5.74	\$ 5.74	\$ 5.74	
<b>City Sales Tax - 3%</b>	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	
<b>Lodging Tax</b>	\$ -	\$ 4.05	\$ 8.10	\$ 12.15	\$ 16.20	
<b>Total per night</b>	\$ 144.79	\$ 148.84	\$ 152.89	\$ 156.94	\$ 160.99	

*Note: Based on Arapahoe County. Jefferson and Douglas County tax rates differ slightly.*

### ***Admissions Tax***

Council has discretion as to the amount of the tax. Admissions tax is much more difficult to quantify due to the number of businesses this may affect and depending on what is ultimately subject to the tax. The actual estimate is unknown; however, a wide range of annual revenues could be \$260,000 up to \$1,000,000, depending on the tax base and amount of the tax. [Revenues are more likely to be on the low end of this range.](#) A listing of admissions tax rates in the Denver metro area has been attached.

### **STAFF RECOMMENDATION:**

Staff has provided information regarding both potential ballot questions and recommends the council determine whether to move forward with one, both or none of the ballot items discussed.

### **OPTIONS/ALTERNATIVES:**

Option 1 - Council may direct staff to prepare ballot language for both tax initiatives to be considered at the November 2019 election.

Option 2 - Council may direct staff to prepare ballot language for either the lodging tax *or* the admissions tax to be considered at the November 2019 election.

Option 3 - Council may elect to postpone discussion to a future election date.

Option 4 - Council may forgo a ballot issue on these two taxes.