



## Legislation Text

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**File #:** 19-365, **Version:** 2

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Ordinance No. 19-49 amending Section 1704 (Short Term Rental Units) of Part 17 (Short Term Rental Unit) of Article 5 (Administration and Procedures) of Chapter 7 (Planning, Development and Building) of City Code of the City of Colorado Springs 2001, as amended, pertaining to remittance of tax and short term rental unit permit review criteria.

(Legislative)

**Presenter:**

Morgan Hester, Principal Planner  
Peter Wysocki, Director of Planning and Community Development

**Summary:**

The proposed ordinance will amend City Code section 7.5.1704 to require the remittance of all sales and lodging taxes that are due to the City prior to the issuance of any Short Term Rental permit.

**Previous Council Action:**

N/A

**Background:**

Planning & Community Development staff presented a mid-year update on the short term rental unit program at the June 10, 2019 City Council work session. During the presentation, several Councilmembers expressed concern regarding the remittance of taxes owed to the City specific to those rental operators that have not yet come into compliance by acquiring permits and associated City sales tax licenses.

Anyone operating a short term rental unit (with a permit or not) likely owes sales and lodging taxes to the City under Chapter 2 of the City Code. The imposition of a permit requirement for short term rental units in 2018 did not change the requirement that taxes be remitted to the City for this activity. The requirement to pay taxes on this type of activity has been in place for many years under Chapter 2 of the City Code.

Upon receipt of an application for a new permit or renewal of an existing permit, the Planning Department will contact the Sales Tax Office within the Department of Finance ("Sales Tax Office") to verify the existence of a sales tax license. The proposed amendment to City Code section 7.5.1704 (C) will require any applicant to, in addition to obtaining a City sales tax license, affirm that they have remitted to the City any sales and lodging taxes required pursuant to article 7 (sales tax) and article 9 (lodging tax) of Chapter 2 of the City Code.

Nothing in the proposed amendment to Chapter 7 changes the City's Sales Tax Office enforcement procedures or the City's ability to collect taxes owed from previous years for permit holders. This

specific amendment empowers the Planning Department, upon a finding by the Sales Tax Office of taxes owed, to either deny an initial application for short term rental unit permit, suspend or revoke an existing permit, or refuse to issue a permit upon a renewal request in future years.

The remittance of taxes owed to the City is a continuing requirement throughout the life of the short term rental unit permit and the failure to do so is, in addition to potential action against a short term rental unit permit, subject to the enforcement procedures set forth in Chapter 2 of the City Code.

Planning & Community Development Staff is working with Sales Tax Office on administrative procedures and solutions for tax payment verification.

**Financial Implications:**

N/A

**Board/Commission Recommendation:**

The proposed ordinance is being presented for a recommendation at the City Planning Commission's formal meeting occurring on July 18, 2019.

**Stakeholder Process:**

N/A

**Alternatives:**

1. Approve the ordinance as presented;
2. Modify the ordinance as presented;
3. Deny the ordinance as presented; or
4. Refer the matter back to the City Planning Commission for further consideration.

**Proposed Motion:**

Move to approve an ordinance amending Section 1704 (Short Term Rental Unit Permit Review Criteria) of Part 17 (Short Term Rental Unit) of Article 5 (Administration and Procedures) of Chapter 7 (Planning, Development and Building) of the Code of the City of Colorado Springs 2001, as amended, pertaining to remittance of tax and short term rental unit permit review criteria.

An ordinance amending City Code section 7.5.1704 to require the remittance of all sales and lodging taxes owed to the City prior to the issuance of a short term rental unit permit.