



## Legislation Text

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**File #:** 22-339, **Version:** 3

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Ordinance No. 22-39 amending Section 810 (Refunds) of Part 8 (Tax Returns and Payments) of Article 7 (Sales and Use Tax) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as amended, pertaining to Refunds

**Presenter:**

Charae McDaniel, Chief Financial Officer

**Summary:**

The attached Ordinance adds a new section to the Sales Tax Code that allows the owner of a qualifying Affordable Housing project to be eligible for a refund of City taxes paid for the purchase or use of construction materials.

In conjunction with the Affordable Housing Fee Rebate Program, the refunding of Sales and Use Tax paid for construction material on qualifying Affordable Housing projects will provide additional incentive for Affordable Housing projects.

**Background:**

As a companion item to the Affordable Housing Fee Rebate Program, the attached Ordinance would allow for the refunding of City taxes paid on construction material for qualifying Affordable Housing projects.

\*\*\* July 12, 2022 - Regular Meeting Update: During the City Council Work Session on June 13, 2022, City Council expressed a desire to incorporate changes to the definition of a “qualifying affordable housing project.” In particular, City Council expressed a desire to provide the refund when only part of a project is considered affordable housings, meaning that a mixed-use/ mixed-income project would qualify, and to reduce the minimum number of affordable units required. The Ordinance has been updated to incorporate these changes. A redline version is included, in addition to the clean version, to demonstrate the changes.

The updated Ordinance contains newly defined terms to qualify for the refund - the project would need to meet the following requirements:

- The project is located in the City of Colorado Springs
- The project is new construction of multi-family dwellings, substantial rehabilitation of an existing multi-family dwelling, or conversion of an existing commercial building to multi-family dwellings
- The project consists of at least one (1) dwelling unit qualified as income-restricted affordable housing
- The project has received a final certificate of occupancy
- The dwelling units remain as affordable housing for a minimum of fifteen (15) years

For qualifying mixed-use projects the refund shall be proportional to the percentage of the qualifying

mixed-use project that is for income-restricted dwelling units.

**Previous Council Action:**

N/A.

**Financial Implications:**

The amount of the tax refund would vary depending on the size of the project and the amount of taxes paid locally. On a sizable project, the amount of tax refund could be approximately \$100,000. Smaller projects would have a smaller refund.

**City Council Appointed Board/Commission/Committee Recommendation:**

This item was discussed with the City Council Budget Committee on May 24, 2022.

**Stakeholder Process:**

N/A.

**Alternatives:**

City Council could choose to not change City Code to allow for refunds of City taxes paid on qualifying Affordable Housing projects.

**Proposed Motion:**

Move approval of the Ordinance amending Section 810 (Refunds) of Part 8 (Tax Returns and Payments) of Article 7 (Sales and Use Tax) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as amended, pertaining to Refunds

An Ordinance amending the City's Sales Tax Code pertaining to Refunds