Denver Short Term Rental Advisory Committee

November 14, 2023

Excise and Licenses
Public Comment

There will be time allotted at the end of the meeting for public comment.

Please use the “raise hand” feature on Zoom at any time during the meeting to indicate that you’d like to make a public comment at the end.

If you are calling in and cannot use the “raise hand” feature, you may sign up for public comment by emailing Alex.Vidal@denvergov.org at any point during the meeting.
Data Updates
Licensure Rate

<table>
<thead>
<tr>
<th>Month</th>
<th># of Licenses</th>
<th># of Listings</th>
<th>Licensure Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct '22</td>
<td>2,640</td>
<td>3,228</td>
<td>82%</td>
</tr>
<tr>
<td>Nov '22</td>
<td>2,674</td>
<td>3,247</td>
<td>82%</td>
</tr>
<tr>
<td>Dec '22</td>
<td>2,667</td>
<td>3,261</td>
<td>82%</td>
</tr>
<tr>
<td>Jan '23</td>
<td>2,689</td>
<td>3,418</td>
<td>79%</td>
</tr>
<tr>
<td>Feb '23</td>
<td>2,706</td>
<td>3,485</td>
<td>78%</td>
</tr>
<tr>
<td>Mar '23</td>
<td>2,697</td>
<td>3,491</td>
<td>77%</td>
</tr>
<tr>
<td>Apr '23</td>
<td>2,710</td>
<td>3,595</td>
<td>75%</td>
</tr>
<tr>
<td>May '23</td>
<td>2,711</td>
<td>3,689</td>
<td>73%</td>
</tr>
<tr>
<td>Jun '23</td>
<td>2,744</td>
<td>3,707</td>
<td>74%</td>
</tr>
<tr>
<td>Jul '23</td>
<td>2,748</td>
<td>3,029</td>
<td>91%</td>
</tr>
<tr>
<td>Aug '23</td>
<td>2,785</td>
<td>3,187</td>
<td>87%</td>
</tr>
<tr>
<td>Sep '23</td>
<td>2,777</td>
<td>3,311</td>
<td>84%</td>
</tr>
<tr>
<td>Oct '23</td>
<td>2,804</td>
<td>3,244</td>
<td>86%</td>
</tr>
</tbody>
</table>
STR Application Processing (month-to-month)

<table>
<thead>
<tr>
<th>Month</th>
<th>Submitted</th>
<th>Completed</th>
<th>Avg Days to Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov '22</td>
<td>305</td>
<td>278</td>
<td>28</td>
</tr>
<tr>
<td>Dec '22</td>
<td>28</td>
<td>37</td>
<td>23</td>
</tr>
<tr>
<td>Jan '23</td>
<td>288</td>
<td>319</td>
<td>20</td>
</tr>
<tr>
<td>Feb '23</td>
<td>241</td>
<td>206</td>
<td>25</td>
</tr>
<tr>
<td>Mar '23</td>
<td>245</td>
<td>212</td>
<td>39</td>
</tr>
<tr>
<td>Apr '23</td>
<td>261</td>
<td>232</td>
<td>39</td>
</tr>
<tr>
<td>May '23</td>
<td>246</td>
<td>214</td>
<td>36</td>
</tr>
<tr>
<td>Jun '23</td>
<td>340</td>
<td>306</td>
<td>44</td>
</tr>
<tr>
<td>Jul '23</td>
<td>237</td>
<td>194</td>
<td>39</td>
</tr>
<tr>
<td>Aug '23</td>
<td>255</td>
<td>213</td>
<td>38</td>
</tr>
<tr>
<td>Sep '23</td>
<td>252</td>
<td>210</td>
<td>30</td>
</tr>
<tr>
<td>Oct '23</td>
<td>276</td>
<td>48</td>
<td>23</td>
</tr>
</tbody>
</table>
Application Status Updates

New webpage where applicants can check the status of their application. Includes the definitions of each step and approximately how long it takes to complete each step.

Dashboard shows the step the application is on and can be searched by record number, address, license type or name.
STR Completed Applications
(Last 12 Months as of 11/07/23)

New Applications
- 0-7 Days: 6%
- 8-30 Days: 3%
- 31-60 Days: 7%
- 61-90 Days: 17%
- 91-180 Days: 24%
- 180-365 Days: 44%

Renewal Applications
- 0-7 Days: 5%
- 8-30 Days: 2%
- 31-60 Days: 6%
- 61-90 Days: 27%
- 91-180 Days: 30%
- 180-365 Days: 30%
Final Disposition of Applications
(Last 12 Months as of 11/07/23)

- Issued - 2,593 (92%)
- Denied - 30 (1%)
- Withdrawn - 77 (3%)
- Administratively Closed - 123 (4%)
311 Trends by Topic

- **Application Questions**: 72%
- **Questions, 20%**: 15%
- **Complaints**: 7%
- **AC/NOV**: 1%

### 2021 - 2022 - 2023 YTD

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,488</td>
<td>2,708</td>
<td>2,285</td>
</tr>
</tbody>
</table>

### 311 Trends by Topic

- **Applications (New & Renew)**: 78%
- **Complaints**: 14%
- **Questions**: 7%
- **AC/NOV**: 1%
311 Data and Trends in 2023

<table>
<thead>
<tr>
<th>2023</th>
<th>Administrative Citation</th>
<th>Application</th>
<th>General Inquiry</th>
<th>Notice of Violation</th>
<th>Property Complaint</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>16</td>
</tr>
<tr>
<td>Feb</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Mar</td>
<td>3</td>
<td>173</td>
<td>24</td>
<td>5</td>
<td>19</td>
</tr>
<tr>
<td>Apr</td>
<td>1</td>
<td>151</td>
<td>29</td>
<td>5</td>
<td>19</td>
</tr>
<tr>
<td>May</td>
<td>1</td>
<td>125</td>
<td>32</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Jun</td>
<td>1</td>
<td>163</td>
<td>33</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Jul</td>
<td>1</td>
<td>192</td>
<td>31</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Aug</td>
<td>1</td>
<td>192</td>
<td>36</td>
<td>1</td>
<td>22</td>
</tr>
<tr>
<td>Sep</td>
<td>1</td>
<td>191</td>
<td>67</td>
<td>1</td>
<td>19</td>
</tr>
<tr>
<td>Oct</td>
<td>2</td>
<td>192</td>
<td>22</td>
<td>1</td>
<td>22</td>
</tr>
</tbody>
</table>

Administrative Citation Application General Inquiry Notice of Violation Property Complaint
## Lodger’s Tax Update

<table>
<thead>
<tr>
<th></th>
<th>2017 Total</th>
<th>2018 Total</th>
<th>2019 Total</th>
<th>2020 Total</th>
<th>2021 Total</th>
<th>2022 Total</th>
<th>2023 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodger’s Tax from STRs</td>
<td>$ 3.5M</td>
<td>$ 8.36M</td>
<td>$ 10.6M</td>
<td>$ 5.6M</td>
<td>$8.2M</td>
<td>$11.4M</td>
<td>$15.97M*</td>
</tr>
<tr>
<td>% of Lodger’s Tax Whole</td>
<td>7.5 %</td>
<td>10.1 %</td>
<td>11.9 %</td>
<td>10.4 %</td>
<td>9.1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Lodger's Tax (by month)

<table>
<thead>
<tr>
<th></th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$1,014,796</td>
<td>$829,462</td>
<td>$710,321</td>
<td>$816,245</td>
<td>$1,044,994</td>
<td>$1,249,980</td>
<td>$1,262,095</td>
<td>$1,134,689</td>
<td>$1,261,552</td>
<td>$1,397,324</td>
<td>$5,334,891</td>
<td>$1,198,879</td>
<td>$1,264,882</td>
</tr>
</tbody>
</table>

*Due to technology upgrades, all starred numbers are approximations and may not reflect actual amounts.
STRs by Type of Structure

- Single Family Home (Detached): 45%
- No Response: 21%
- Multi-Family (e.g. Apartment): 6%
- Multiplex (e.g. Duplex): 19%
- Combo (SFH & ADU): 2%
- Detached Structure (e.g. ADU): 7%
STRs by Rental Type

- Whole Place: 36%
- Specific Room: 38%
- Varies: 17%
- No Response: 9%
Current Events
What’s happening in the world of STRs?

Globally/In General

- 2023 VRMA International Conference insights and takeaways ([link](#))
- Global STR Market set for robust growth, to reach $15 Billion by 2030 ([link](#))
- Italy to tax owners with multiple STRS ([link](#))

Nationally

- Airbnb cracking down on fake listings, has removed 59K ([link](#))
- Airbnb sets sights on expansion into long-term rental market ([link](#))
- Key Data: US STR market sees 17% revenue drop ([link](#))

Locally

- Legislature considering bill to tax STRs as commercial properties ([link](#))
- Boulder Co Planning Commission considers changes to STR regulations ([link](#))
- The Future of Short-Term Rentals in SW CO ([link](#))
Everything You Ever Wanted to Know About Lodger’s Tax (and more!)
The tax rates used during this presentation are subject to change, please visit [www.denvergov.org/treasury](http://www.denvergov.org/treasury) for Denver’s tax rates and [www.colorado.gov/tax](http://www.colorado.gov/tax) for current state wide tax rates.
Tax is due on the amount charged for a room or for sleeping accommodations to a person who is not a permanent resident.

Includes Hotel, Motel, Lodging House, Guest House, B & B, Time Share, Short-term Rental, etc...
Lodger’s Tax

Separate Lodger’s Tax Return

Due by 20th of the month following the month of transaction.
<table>
<thead>
<tr>
<th>Fund</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado Convention Center (Bond payments)</td>
<td>4.75%</td>
</tr>
<tr>
<td>General Fund</td>
<td>3.25%</td>
</tr>
<tr>
<td>Denver Metro Convention &amp; Visitors Bureau</td>
<td>1.75%</td>
</tr>
<tr>
<td>Convention Marketing and Tourism Promotion Project</td>
<td>1.00%</td>
</tr>
</tbody>
</table>

Denver Lodger’s Tax Rate 10.75%
Lodger’s Tax 50 or more rooms

<table>
<thead>
<tr>
<th>Fund/Project</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado Convention Center (Bond Payments)</td>
<td>4.75%</td>
</tr>
<tr>
<td>General Fund</td>
<td>3.25%</td>
</tr>
<tr>
<td>Denver Metro Convention &amp; Visitors Bureau</td>
<td>1.75%</td>
</tr>
<tr>
<td>Convention Marketing and Tourism Promotion Project</td>
<td>1.00%</td>
</tr>
<tr>
<td>Tourism Improvement District</td>
<td>1.00%</td>
</tr>
<tr>
<td><strong>Denver Lodgers Tax Rate</strong></td>
<td><strong>11.75%</strong></td>
</tr>
</tbody>
</table>

*As of 1/1/2018
Lodger’s Tax

Taxable vs. Nontaxable Charges

• Mandatory fees, including pet fees, are **taxable**
• Mandatory cancellation charges, if guest retains right to use the room, are **taxable**
• Damage deposits are **not taxable** even if retained
Exemption Types

- Stay of 30+ consecutive days
- Government
- Charitable
Lodger’s Tax

Exemptions: 30 or More Consecutive Days

• The stay becomes exempt from lodger’s tax on the 30th day for the sale of lodging to a “natural person”

• The exemption does not apply to the sale of lodging to legal entities, including corporations, LLCs, etc.
Exemptions: Government

- Exempt only when purchased in a governmental capacity

- Government includes departments, institutions, and political subdivisions of the United States and State of Colorado government
Exemptions: Charitable Organization

- The definition of a charitable organization changed as of July 1, 2017 to encompass most 501(c)(3) organizations.

- As of January 1, 2021, the organization needs only to be actively registered and be in good standing with the IRS as 501(c)(3) organization.
Exemptions: (Governmental and Charitable)

Documentation to be retained on file by hotel:

- Proof of exemption – varies by the type of organization
- Completed “Affidavit of Exempt Event” form
- Completed “Affidavit of Exempt Sale” form for proof of payment with exempt funds
Exemptions: (Governmental and Charitable)

Must meet **ALL 3** of the following requirements:

- Part of regular governmental or charitable activities
- Payment made directly with funds of exempt entity
- No reimbursement of any kind to exempt entity

(Claim for Exemption form)
**Affidavit of Exempt Event for Denver’s Sales, Use or Lodger’s Tax**

This form is used by Denver exempt organizations to claim exemption from Denver sales, use or lodger’s tax for an event held at a Denver hotel, motel or other event venue. The vendor (hotel, motel or restaurant) is required to maintain a completed form for each tax-exempt sale pertaining to the stated event.

Furnish this form to the seller. Retain this completed form for your records.

**DO NOT RETURN TO THE DENVER TREASURY DIVISION UNLESS REQUESTED.**

### Organization/Agency Information

<table>
<thead>
<tr>
<th>Legal Name of Organization or Agency</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized Representative</td>
<td>Phone</td>
</tr>
<tr>
<td>Address</td>
<td>City</td>
</tr>
<tr>
<td></td>
<td>State</td>
</tr>
<tr>
<td></td>
<td>Zip</td>
</tr>
</tbody>
</table>

### Event Information

<table>
<thead>
<tr>
<th>Name of Event</th>
<th>Date of Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of Event</td>
<td></td>
</tr>
</tbody>
</table>

### Exemption Information

The exemption does not apply to food, beverage or lodging where the recipient of the food, beverage or lodging reimburses the organization in any way, such as by the purchase of a ticket, payment of a fee, or making an involuntary contribution.

#### Basis of Exemption

- [ ] Charitable
- [ ] Governmental

**ALL OF THE STATEMENTS BELOW MUST BE TRUE FOR THE PURCHASE TO QUALIFY FOR TAX EXEMPTION**

- [ ] Yes  [ ] No  The purchase is included under, and is part of, the regular charitable functions and activities of the organization, or is purchased in a governmental capacity.

- [ ] Yes  [ ] No  The transaction is billed directly to the organization and payment is made directly from organization funds. (Purchases of food or lodging by individuals do not qualify for the exemption even though the individual will be reimbursed by the organization or government.)

- [ ] Yes  [ ] No  The participants at the event have not and will not reimburse the organization in any way for the event such as by purchase of a ticket, payment of a registration fee, or by making an involuntary contribution.

*Please note, fund raising events are taxable when the attendees have paid to attend.*
Exemptions: (Governmental and Charitable)

Proof of Payment Documentation:

- Check – photocopy
- Cash – with a Purchase Order (PO)
- Wire Transfer document
- Credit card – details as required in Affidavit (no photocopies of actual card)
# Affidavit of Exempt Sale

**Standard Municipal Home Rule Affidavit of Exempt Sale**

This form is provided by home rule municipalities within the State of Colorado to record supporting information for any transaction on which an exemption from tax is claimed. The form is maintained by the seller for tax-exempt sales. Do not return this form to the taxing jurisdiction.

### Purchase Details

- **Purchase for resale** - or - **Purchase for wholesale**
  - State license number (not FEIN number): [ ]
  - Local license number (if applicable): [ ]
  - I affirm items purchased are for resale/wholesale in the ordinary course of business. Initial: [ ]

- **Purchase by charitable organization** (exemptions may vary by jurisdiction)
  - State tax-exempt number (not FEIN number): [ ]
  - Local tax-exempt number (if applicable): [ ]
  - Issuing municipality: [ ]

- **Payment information (required to meet one of the following):**
  - Paid by cash and accompanied by a purchase order from the organization:
  - Paid by check drawn on funds of the exempt organization:
  - Paid by purchasing card bearing information of the exempt organization:
  - The enclosed name of the card is: [ ]
  - Paid by commercial card not a personal credit card - card’s last four digits: [ ]

- **Credit card number (first six and last four only):** [ ]

- **Federal government (payment information — required to meet one of the following):**
  - GSA SmartPay3 card — first card with picture of a road
  - GSA SmartPay3 card — purchase card with picture of an eagle
  - GSA SmartPay3 card — travel card with picture of an airplane
  - GSA SmartPay3 card — tax advantage card with picture of a hotel and car
  - GSA SmartPay3 card — integrated card with picture of a globe

- **State and local government (payment information — required to meet one of the following):**
  - Paid by cash and accompanied by purchase order issued by the government agency:
  - Paid by check issued by and drawn on funds from the government agency:
  - Paid by government purchase card as designated on the card:
  - State tax-exempt number printed on the card (Colorado only):
  - Check if the card states: “for official state use only” or “tax exempt”:

- **Purchase for foreign and diplomatic exemptions (required to meet the following):**
  - Purchaser presents a state department issued card with the name/photo of the bearer on the card:
  - If presented with the card, documentation of form of payment is not required (excluding mission card): [ ]

### Other qualified exemption

- **Nature of exemption:** [ ]
- **Exempt number:** [ ]

### Purchaser Information
Credit Cards from Government Organizations

**STATE OF COLORADO CREDIT CARDS**

The State of Colorado uses three different categories of credit cards. **Procurement Cards.** Procurement cards display the words “State of Colorado” and “For Official Use Only”. These cards show the agency’s tax exemption number that begins with “98”, followed by five digits. Purchases made on these cards are directly billed to the State agency, so are exempt from Denver tax.

**US Bank VISA Event Cards.** Event cards are primarily used for meetings. These cards display the words “Tax Exempt” followed by the agency’s tax exemption number (“98” followed by five digits) and the employee’s name. These cards are billed directly to the State agency so purchases made using these cards are exempt from Denver tax.

**Travel Cards.** Travel cards display only the words “State of Colorado” and the employee’s name; there is no tax exemption number. Purchases made on these cards are billed to the individual, so are not exempt from Denver tax.

**COLORADO LOCAL GOVERNMENT CREDIT CARDS**

Some local governments in Colorado issue credit cards in both the government employee and agency’s name.

**Purchase cards** display the name of the government entity and the words “Purchasing Card.” Purchase cards are billed directly to the government entity, so purchases made using these cards are exempt from Denver tax. All other local government credit cards are billed to individuals, so are not exempt from Denver tax.
Examples of the types of Federal GSA Credit Cards (pictures only)
**Exemptions:** Miscellaneous

If adequate documentation is not provided, the hotel must charge the tax and advise the guest that they may file a Claim for Refund with Denver.

Claim for Refund form is available for download at www.denvergov.org/treasury

File online through Denver’s eBiz Tax Center at www.denvergov.org/ebiztax
Exemptions: Miscellaneous

Denver does not have any Direct Pay accounts

If exemption from tax is in question call the City to confirm exemptions:

• Taxpayer Service – 720-913-9400
Sales Tax

Non-food

4.81%

Examples of taxable items:

- AV Equipment
- Roll-away beds
- Conference phones
- Videos
- Pay-Per-View
- Video games & equip.

- Gift shop sales (including chewing gum)
- Copies
- Incoming faxes
- Laundry detergent
- Centerpieces

www.denvergov.org/treasury
Sales Tax

Non-food 4.81%

Telephone charges:

Local and **intra**-state charges billed to the guest are subject to sales tax

A hotel may take a deduction on its sales tax return for sales tax paid to its telecom provider on items re-billed to guests.
Sales Tax

Food & Beverages 4.0%

Examples of taxable items:
• Restaurant or room service
• In-room stock
• Mandatory service charges and mandatory gratuity
• Gift shop candy etc.
• Charges by caterers for food, service and delivery
• Vending machines and drinks by the glass (tax may be included)

www.denvergov.org/treasury
Examples of non-taxable items:

- Meeting room rental
- Laundry/valet services
- Parking charges
- Postage stamps
Sales Tax

Food & Beverages 4.0%

The only non-taxable food & beverage item is non-carbonated, unflavored water
FUND RAISING

Fund raising activities and events may be taxable
(See Tax Topic Guide #36, “Fund Raising”)
Use Tax

The following section relates to purchases made by hotels, restaurants, etc.

Use tax is due on non-resale purchases if sufficient sales tax is not paid at the time of purchase. This is self-calculated and directly remitted by the hotel.
Use Tax

Non-food 4.81% Taxable Items/Expenses

EXAMPLES:

• Room supplies  
  (e.g. soap, shampoo, toilet paper, shower caps, etc.)
• Linens (except if exclusively for renting to guests)
• Furniture, fixtures, equipment  
  (except equipment exclusively for renting to guests e.g. roll away bed)
• Cutlery and crockery
• All electricity and gas charges
• Newspapers provided free of charge
Use Tax

Non-Taxable Items/Expenses

• Items purchased for direct resale
• Food/beverages sold through hotel bars, restaurants and the accompanying to go containers, napkins, disposable utensils, etc.

(If your hotel provides a free breakfast and does not directly charge for food service, then the items listed above are taxable)
Use Tax

Food & Beverage 4.0% Taxable Items/Expenses

• Free employee meals (at cost)
• Free guest meals (at cost)
• Complementary food in rooms, front desk candy, free coffee in lobby, pillow chocolates
• Office coffee

Non-Taxable Items/Expenses

• Food purchased for direct resale
• Non-Carbonated, non-flavored water
Occupational Privilege Tax

Hotel is responsible to withhold $5.75 from employees earning at least $500 per month.
Business is responsible to match $4.00 per taxable employee and to report any owners, partners, etc.
Earnings include tips
THIS CONCLUDES OUR PRESENTATION ON HOSPITALITY

CONTINUE YOUR DENVER TAX EDUCATION BY VIEWING OUR OTHER TAX TUTORIALS
Announcements and 2024 Planning
Public Comment

Please use the “raise hand” feature on Zoom to indicate that you’d like to make a public comment. If you are calling in and cannot use the “raise hand” feature, you may sign up for public comment by emailing Alex.Vidal@denvergov.org

Speakers are allotted two minutes to speak.

Alternatively, you may email written comments at any time to licenses@denvergov.org and they will be shared with the committee electronically.