

RESOLUTION NO. 45-18

A RESOLUTION SETTING A TITLE AND SUBMITTING TO THE ELECTORATE ON NOVEMBER 6, 2018 A MEASURE TO INCREASE AND RETAIN AND SPEND ALL LODGING TAX REVENUES AS DEFINED BY ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION

RECITALS.

In 1988 the City Council of the City of Grand Junction adopted Ordinance 2401 creating the Grand Junction Visitors and Convention Bureau (VCB). Since January 1, 1989 the VCB (now known as *Visit Grand Junction*) has capably served the City and the region by providing destination marketing, promotion and visitor services. With Ordinance 2401/People's Ordinance 34, the City imposed a 3% tax on the price paid for "lodging," which is defined as the providing of the right to use or possess, for consideration, any room or rooms for temporary occupancy, such as, but not limited to: a room in a hotel, guesthouse, hotel apartment and lodging houses, motel, ranch, resort, mobile home, mobile home park, bed and breakfast establishment, movable structure, auto camp, trailer court, inn, hostel or park under any concession, permit, right of access, lease, contract, license to use or other arrangement or otherwise, but shall not include rentals under a written agreement for occupancy for a period of 30 consecutive days or more.

The revenues derived from such lodging tax are used exclusively for promoting and marketing tourism and tourism-related activities.

In 2017 travel and tourism generated approximately \$1.46 million in lodging taxes and \$1.39 million in local sales tax revenues. They also bring jobs and economic prosperity: the travel industry alone provides Grand Junction more than 5,500 jobs and \$139.9 million in wages. Grand Junction experienced \$282.3 million in direct travel spending in 2017, with tremendous potential to grow beyond that sum.

Because the lodging tax is almost universally paid by business and leisure travelers, it imposes little if any burden on City residents. Using lodging tax revenues to fund travel, destination marketing, and visitor services also creates a positive nexus between the cost of providing those services and the users of those services, while providing a substantial economic benefit to the City by the infusion of funds from people who live outside the community.

Because the lodging tax rate was set nearly 30 years ago and has not increased since then, and because of a demonstrated need for new and additional services, including sports tourism marketing and support for direct air service to and from Grand Junction, the City Council has determined that the lodging tax should increase by 3%.

The purpose of this resolution is therefore to set a ballot question to increase the lodging tax and to seek voter authorization for the City of Grand Junction to retain and spend this important tax revenue for the use and benefit of *Visit Grand Junction*, of the Greater Grand Junction Sports Commission (GGJSC) and the Grand Junction Regional Air Service Alliance (GJRASA), so long as such funds are expended, as determined by the City Council, for promotion and marketing for travel and tourism-related activities

including but not limited to sports-related tourism and support for direct air service in Grand Junction.

The 1989 Lodgers Tax was imposed prior to the 1992 Taxpayer Bill of Rights (TABOR) and is therefore exempt from the provisions thereof; however, this 3% Lodgers Tax Increase must be approved by voters. The ballot question will allow voters to decide these important tax and spending questions.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION THAT:

1. The purpose of this resolution (Resolution) is to authorize the submission to the eligible electors voting at the election to be held on the first Tuesday of November 2018 (the Election), a ballot question to enact, levy and impose an increase in the Lodgers Tax at a rate of 3% (for a total Lodgers Tax of 6%) on the price paid for the leasing or rental of any occupied hotel room, motel room, lodging house, bed and breakfast, and other accommodation with the revenues derived from such lodging tax being used exclusively for promoting and marketing tourism and tourism related special events and activities all in accordance with the ordinances of the City of Grand Junction and this resolution and ballot question. The 3% increase shall be referred to herein as the "Lodgers Tax Increase."
2. If approved by the eligible electors voting thereon, the Lodgers Tax Increase shall be a voter-approved revenue change or an exception to limits on revenues and spending, without limiting the collection or spending of any other revenues or funds by the City under Article X, Section 20 of the Constitution of the State of Colorado (TABOR) or any other law.
3. If approved by the eligible electors voting thereon at the Election, the Lodgers Tax Increase shall become effective on January 1, 2019.
4. If not approved, the Lodgers Tax of 3% will remain in effect and remain an exception to the limits on revenues and spending under Article X, Section 20 of the Colorado Constitution (TABOR), having been imposed prior to the enactment of TABOR.
5. The definitions of the words contained in this Resolution, if not specifically defined herein, shall be as set forth in the Grand Junction Municipal Code (GJMC), which definitions are incorporated by reference into this Resolution as if fully set forth. The term "City" includes all lands within the corporate limits of the City of Grand Junction and all lands duly and lawfully annexed to the City.
6. At the time of making a tax return of the Lodgers Tax, every owner of every lodging property vendor shall continue to be entitled to withhold a processing fee to cover the expenses for the collection and remittance of the Lodgers Tax in accordance with GJMC 3.08.010 *et seq*; however, because the cost of processing is not expected to increase, no such processing fee shall apply to this 3% Lodgers Tax Increase amount.

7. Except for the foregoing change regarding the Vendors Fee, for the purposes of applicability, exemptions, collection, administration and enforcement of this Resolution and the Lodgers Tax, the provisions of GJMC 3.08.010 et. seq., as amended from time to time, shall be deemed applicable and incorporated into this Resolution.
8. Effective January 1, 2019, the City of Grand Junction shall budget and expend the revenue generated from the Lodging Tax Increase for the following purposes:
 - a) Marketing, promoting, soliciting and sponsoring, in whole or in part, travel and tourism related activities, including but not limited to tourism-generating sporting activities, events, tournaments and competitions; and
 - b) Marketing, promoting, purchasing and/or contracting for additional direct airline route(s) and airline service from existing or new carriers to and from Grand Junction; and,
 - c) Destination marketing and destination management services such as branding, marketing and support of the products and services that draw people to the area.
9. To promote, market and obtain travel and tourism and tourism related activities, all as generally described above, the City may annually budget 75% of the Lodgers Tax Increase to the GGJSC and 1.0% of the Lodgers Tax Increase to the GJRASA, with changes in any annual allocation(s) subject to formal consideration by the City Council. However allocated in each and every year after the Lodging Tax Increase is effective, all revenue derived from the Lodgers Tax Increase shall be used solely for the purpose of promoting and marketing travel, tourism and tourism related activities, as determined by the City Council.

At the general election, to occur on November 6, 2018, the official ballot, including absentee and mail ballots, shall state the substance of the question to be voted upon and so stated shall constitute the ballot title, designation and submission clause, and each registered elector voting at the election shall indicate his or her choice on the question submitted, which shall be in the following form:

SHALL THE CITY OF GRAND JUNCTION LODGING TAX BE INCREASED BY ONE MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS (\$1,850,000) IN THE FIRST YEAR (2019), AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER, BY THE ADOPTION OF AN ADDITIONAL THREE PERCENT (3%) TAX ON THE PRICE PAID FOR LODGING IN THE CITY, WITH THE ADDITIONAL THREE PERCENT (3%) TAX COLLECTED IN THE SAME MANNER AS THE CITY'S LODGING TAX; WITH ALL OR ANY PORTION OF THE NET PROCEEDS OF THE ADDITIONAL 3% LODGING TAX, AS DETERMINED BY THE CITY COUNCIL, BEING COLLECTED, RETAINED AND SPENT TO FUND PROMOTION AND MARKETING FOR TRAVEL AND TOURISM-RELATED ACTIVITIES SUCH AS AND INCLUDING BUT NOT LIMITED TO:

- MARKETING, TRAVEL AND TOURISM-RELATED ACTIVITIES THAT SUPPORT DESTINATION MARKETING OF THE AREA;

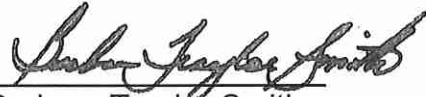
- MARKETING, SUPPORTING, AND/OR ARRANGING FOR ADDITIONAL DIRECT AIRLINE SERVICE TO AND FROM GRAND JUNCTION;
- MARKETING, PROMOTING, AND SPONSORING SPORTING ACTIVITIES, EVENTS, TOURNAMENTS, COMPETITIONS AND EXHIBITIONS;

EXCEPT THAT NO VENDOR PROCESSING FEE SHALL APPLY TO THE INCREASE AND SHALL THE REVENUES GENERATED BY SUCH TAX INCREASE AND PROCEEDS BE COLLECTED AND SPENT BY THE CITY AS A VOTER APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

YES _____

NO _____

Adopted this 18th day of July 2018.



Barbara Traylor-Smith
President of the Council

ATTEST:



Wanda Winkelmann
City Clerk

