



2023 Legislative Issue Form

To propose a CCI legislative issue, please complete this form.

Feel free to use more than one page and include any supplemental materials.

1.) **Contact Information** (of person bringing forth issue):

- a. **Name:** Richard Cimino
- b. **Title:** Commissioner, District 1
- c. **County:** Grand
- d. **Phone Number:** (970) 531-8812
- e. **E-Mail Address:** rcimino@co.grand.co.us

2.) **Issue/Problem to be addressed** (What is the problem this legislation is seeking to solve?) The STR/LTR Imbalance. In Colorado resort counties, and some other counties, there is an abundance of short-term rentals (STR, rentals for a period of less than a month) and a shortage of long-term rentals (LTR, rentals of a month or longer).

3.) **Background on this Issue/Problem** (How did this come to be? Why are you seeking a legislative remedy?) The STR/LTR imbalance in some Colorado counties is pretty well understood by CCI membership and staff. STRs have been a fixture of Colorado resort counties for decades, but prior to 2008 (The year Air BnB was founded) STRs were largely managed by local property management companies. Internet platforms have significantly increased the number of people who rent STRs, and the number of people who wish to own STRs. There has not been a corresponding increase of LTRs.

4.) **Proposed Solution/Legislative Remedy to this issue.** I seek new public policy that will motivate people to invest in LTRs. This could solve (partially at least) the STR/LTR imbalance by growing the number of LTRs.

Pass a State Law that starting in 2024, all STRs will be categorized as commercial property for property tax purposes. This law allows Counties to opt in or not. It is permissive. This will be a new power granted to Counties (not municipalities, sorry CML) who wish to impose it. Local Control. If your County does not like this law, don't adopt it, the STR situation in your county remains the same. Properties become commercial immediately with the slightest of action indicating it will be used as an STR. Forget 30 days or 60 days rented as an STR before you become commercial, one single day as an STR rental, you're commercial. If you get an STR permit, your property is commercial. If you simply list it on a platform, your property is commercial.

However, there will be two exceptions to appeal to the County to get your STR taxed as residential, one exception will be designed to motivate people to invest in LTRs, the second exception will be designed to allow people to rent the house they live in, or a portion of the house they live in as an STR for a limited time, to let the locals make some extra money so they can afford their house.

Exception 1: If an STR owner can demonstrate they own and rent (proof of lease and rent payments) an LTR within 20 miles of their STR, then the County will categorize the STR as residential. The LTR must provide at least half of the occupancy of what they list their STR as providing. If their STR listing says "sleeps 20" then their LTR must provide reasonable lodging for 10, defined as no more than 2 people per bedroom. LTRs are sometimes vacant, for example in between renters. We want a policy that motivates people to get their LTR occupied. Therefore, the LTR must be occupied (proof of lease and rent payments) for the same number of days the STR was rented in a given calendar year.

Exception 2: If a person wants to rent the house or a portion of the house they live in as an STR, then they must demonstrate this is their address for voter registration or otherwise demonstrate this is their full-time residence. They are limited to a maximum of 60 days of STR rental. If they go over 60 days, the impact is more commercial in nature, and they are taxed commercial. The same 1/2 LTR capacity to STR also applies to people who rent a

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By Friday, July 8.



portion of their house. If they rent two bedrooms as an STR year round, but also rent one bedroom as an LTR year round, their entire property is residential.

A person (or company) can own as many STRs in Colorado as they wish, but they must own a LTR within 20 miles of every STR they own if they want to pay residential property taxes. The STR and LTR do not have to be in the same county, but they must be within 20 miles of each other.

This new policy may be too much of a departure from current law, too complex, and too much of an unforeseen outcome to become new law during the 2023 legislative session. However, if this new policy looks promising to enough lawmakers and stakeholders, this could be a good candidate for an interim committee to study it.

- 5.) **Have you explored a non-legislative solution to this problem?** Yes, local fee-based programs are fine in my opinion, but I see a continued push for state-wide legislation on this issue that I predict will harm many counties, so I propose this policy to try to solve the problem of a lack of LTRs.
- 6.) **Statutory Citation to be modified AND proposed/revised language (The Colorado Revised Statute is available for free at [this link](#), by selecting “Colorado Revised Statutes”).**

I think this policy would be entirely new language in CRS.

- 7.) **Relationship of this issue to County Commissioner’s roles and/or authorities.**

STRs create the same, or larger, impacts as Commercial hotels. Road wear and tear, police, EMS, traffic, noise, etc are all potential demands on County services. Commercial properties provide four times the revenue for local governments to address these demands, STRs currently do not.

However, the primary purpose of this legislation is to incentivize the market to increase the number of LTRs.

- 8.) **Has this proposal been approved by the Board of County Commissioners?**

Yes.

- 9.) **List any potential Proponents/Opponents & their perspective; indicate any groups/individuals with whom you have already discussed this issue.**

I have not discussed this specific policy with any organizations yet. I predict:

Proponents: Most full-time residents of resort communities, Chambers of Commerce, Restaurants, most employers, builders’ associations, most tourism workers, lawyers, and maybe most local elected officials.

Opponents: Current STR owners, Realtors, STR platforms, some assessors, tourism boards.

- 10.) **Have you visited with your legislator(s) about this proposal? What was their reaction? Are members of your delegation likely to sponsor, support, or oppose this proposal?**

Not yet.

- 11.) **Anticipated Fiscal Impact (to counties, state, other stakeholders, etc.).**

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There will be fiscal impacts to Counties that choose to adopt this new permissive law. It will be county employees that manage it. A new department will need to be created that can identify properties that are STRs. This department will have to process the applications from property owners who wish to only pay residential property rates. However, as many STR property owners will simply pay the new commercial property taxes, the new revenue should cover the costs. In fact, STRs paying commercial should more than cover those costs, and have extra money for roads or police or whatever your County needs are. All other property taxing districts (schools, fire districts, recreation districts, water and sanitation districts, etc) should also realize increased revenue from the number of STRs that simply choose to pay the commercial taxes rather than seek exemptions.

12.) Please list the local subject matter experts CCI staff can follow-up with for more information on this proposal.

This is arrogant, but I think one of the best SMEs on this topic is me. Other SMEs include my fellow Commissioners from resort counties.

13.) If your county is submitting multiple issue forms, please rank each issue.

#1) The STR/LTR imbalance solution.

#2) All lodging establishments in Colorado will pay residential property taxes.

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