

## **Short Term Rental Taxation/Assessment Stakeholder Meeting**

**January 6, 2021**

### **Zoom Chat**

00:08:49 Katie First, CCI: Drew or Monica, are you online to do a quick test

00:09:13 Monica Jones: This is Monica. I am online.

00:09:36 Katie First, CCI: Were you able to hear that?

00:09:43 Monica Jones: No

00:12:08 Gini Pingnot, CCI: We are working on the audio. Hang tight.

00:14:00 Gini Pingnot, CCI: If you haven't already, please add your name and organization in your Hollywood square.

00:14:46 Gini Pingnot, CCI: To help with our time, we'll dispense with introductions of those online.

00:15:15 Gini Pingnot, CCI: Thanks for bearing with us...

00:17:01 Keith Baker - Chaffee Co.: Kelly, Dick, and probably a few I'm missing - superb job on the task force testimony!

00:17:43 Ann Terry: Ann Terry Special Districts Association

00:19:06 Elizabeth Peetz: Liz Peetz - Colorado Realtors (in house). Happy New Year everyone.

00:19:18 Meghan Dollar: Meghan Dollar here with CML.

00:19:33 Jody Shadduck-McNally, Larimer Commissioner: Happy New Year everyone! Great to see you all.

00:22:17 Custer County Commissioner Tom Flower: Tom Flower, Custer County

00:24:54 Representative Shannon Bird: Representative Shannon Bird here. Happy New Year!

00:29:14 Kelly McNicholas Kury - Pitkin Commissioner & Tax Task Force: Questions from the agenda:

00:29:36 Kelly McNicholas Kury - Pitkin Commissioner & Tax Task Force: Question 1: How do you handle property that changes hands mid-year and moves from short term to permanent?

Question 2: What impact does a change in classification have on the financing arrangements of the owner?

Question 3: How would you implement partial year use for STR?

00:37:13 Matt Scherr - Eagle County: To Dick and Steve's points, would the tax classification be relevant to the financing question of use, or would it just be something that brings that use to the attention of a lender? If it is a disallowed contractual use, isn't that a civil issue between the parties to the contract, and not a concern of a taxing authority?

00:45:27 Gary Peterson, Routt Cnty Assessor: I believe the answer to the STR issue is a ballot measure to change the constitution back to pre-Gallagher days: A single assessment rate for all properties (O&G production excepted) and then create a true homestead exemption for a Primary Residence. Gallagher was 30%, I would suggest something less (21%) w/the homestead @ 7%. The STR issues is too diverse & complex & too large a # of properties to be handled by assessor resources.

00:48:48 George Marlin - Clear Creek County: for context, in my home this change would cost me roughly \$3,000.

00:49:52 Elisabeth Lawrence- Summit County: Being purchased BY commercial entities, to run a commercial business, in a residential area and only paying a residential tax.

00:50:27 Tami Archer - Gilpin County: Same scenario here in Gilpin County!

00:51:45 Keith Baker - Chaffee Co.: Good points, Commissioner Houck.

00:51:59 Wolff: Would a possible solution to this aspect be a cap of maximum days rented? ie: more than 180 days of rental slides it into commercial?

00:52:30 Rich Cimino Grand County: Maybe level the playing field by changing all lodging properties as residential. Hotels included.

00:52:38 Warren Brown-Archuleta County Commissioner: Thank you Commissioner Houck, I appreciate your views on this matter.

01:00:40 Mike Segrest La Plata Deputy Manager: I will have to drop off, but wanted to comment on the mid year change of ownership. It seems to me that should be a factor in the purchase and sale agreement and settlement sheet on how to split the tax if the use is changing. The seller should pick up that cost in the final closing statement.

01:05:56 Custer County Commissioner Tom Flower: A question that is off topic, but how are counties identifying and tracking STRs and how can we see the tax records from STRs in our county? I assume we would have to lobby the state legislature and change the law.

01:08:57 Steve Schleiker, El Paso County Assessor: One of the biggest reasons why this topic is such a touchy topic in Colorado is because the major difference in assessment rates between Residential and Non-Residential. Currently, the residential assessment rate is 6.95%, and the commercial and vacant land assessment rate is 29%. In most state's the difference is only 5-10%, not quadruple. A thought I would like to share is why not set the assessment rate for all lodging properties to 13 - 15%, meet in the middle????

01:17:43 Custer County Commissioner Tom Flower: Thanks for speaking to my question. I have to get to another zoom meeting, but it seems like a lot of work ahead of us. Custer County has installed language to deal with STRs applying for and receiving a permit to operate, but it is anybody's guess as to who is and isn't applying for a permit. We watch the STR platforms to see who is advertising.

01:18:17 Tim Corrigan-Routt: Steamboat Grand and Steamboat Sheraton Hotels being taxed as residential because they converted to time shares. Still operates just like a hotel!

01:20:55 Steve Schleiker, El Paso County Assessor: I would enjoy the conversation to only consider non-owner occupied STRs being considered as Commercial, and leave owner occupied as is. I can definitely see homeowners who rent out their basement or bedroom appealing to their assessor stating that the primary use is their primary residence. Distinguishing between Non-Owner Occupied and Owner Occupied would be huge.

01:21:05 Wolff: The lodging taxes collected from any given rental are tied to that particular transaction, are they not?

01:22:09 Tim Corrigan-Routt: If Air BnB and VRBO collect and/or report sales taxes, why can't we get nights?

01:23:18 George Marlin - Clear Creek County: I agree with you, Steve. This well established approach is used by assessors related to home based businesses. Perhaps an assessor can expand on that.

01:24:23 Ramona Weber, Mineral County: what about making Colorado pro business and have one tax rate across the board especially small businesses

01:27:31 Frank Celico: I agree with Gary

01:27:52 Tim Corrigan-Routt: I like Gary's idea with an additional exemption for long-term rentals

01:30:38 Jonathan Houck-Gunnison County: If someone is renting only part of their home while they are also there is the bed and breakfast model and that can be assessed part residential and part commercial. The SF is divided based on use.

01:31:24 Keith Baker - Chaffee Co.: I think those are the business working OUT of the residence, STRs and VRBOs (the residence) likely ARE the business.

01:32:22 George Marlin - Clear Creek County: Responding via chat to save time: Agree with Keith wholeheartedly and want to point out that these platform are essentially tech companies. They have the data and they know how to manage it. If Airbnb can automatically remit sales taxes to the state, they can provide data to local gov's.

01:37:47 Wolff: Quantity of nights rented should absolutely be easily verifiable for 95% of rentals. The vast majority of bookings are conducted through the major brokerages. (as George and others have pointed out, they have the data)

01:38:35 Liz Peetz - Colo Realtors: While the comment Ben Tisdal is making is an interesting take related to agriculture I'm not sure that would work for residential home mortgages but that would be a question we'd have to pose to mortgage lenders of if it works or not for housing purchases

01:43:02 Drew Hamrick, CAA: Presumption of Commercial until proven Residential sounds a lot like guilty until proven innocent.

01:44:12 George Marlin - Clear Creek County: That approach makes a lot of sense given that a very small proportion of operators do so out of the home they live in.

01:45:11 Keith Baker - Chaffee Co.: Our municipalities share in our monitor expense.