

TOWN OF PAGOSA SPRINGS

ORDINANCE NO. XX

(Series 2021)

AN ORDINANCE OF THE TOWN OF PAGOSA SPRINGS, COLORADO, SUBMITTING TO THE REGISTERED ELECTORS VOTING IN THE MUNICIPAL ELECTION TO BE HELD APRIL 5, 2022, A BALLOT ISSUE CONCERNING THE ESTABLISHMENT OF AN EXCISE TAX ON SHORT-TERM RENTALS, AND CONTINGENT UPON ELECTOR APPROVAL, AMENDING THE PAGOSA SPRINGS MUNICIPAL CODE TO PROVIDE FOR THE SAME.

WHEREAS, the Town of Pagosa Springs, Colorado (“Town”) is a municipal corporation duly organized and existing under the laws of the State of Colorado; and

WHEREAS, the Members of the Town Council (“Council”) have been duly elected and qualified; and

WHEREAS, pursuant to Article XX, Section 6 of the Colorado Constitution, the Town has adopted the Pagosa Springs Home Rule Charter and has the full right of self-government in both local and municipal matters, including the imposition and utilization of an excise tax, for the benefit of the community; and

WHEREAS, Article X, Section 20 of the Colorado Constitution, also referred to as the Taxpayer’s Bill of Rights (“TABOR”), requires voter approval for any new tax, any increase in any tax rate, the creation of any multiple fiscal year financial obligation, and the spending of certain funds above limits established by TABOR; and

WHEREAS, the pursuant to the Town of Pagosa Springs Municipal Code, vacation rentals are permitted if the owner of the property obtains a vacation rental license; and

WHEREAS, the Pagosa Springs and Archuleta County economy currently fails to provide sufficient affordable housing options for our working families and individuals; and

WHEREAS, the Town of Pagosa Springs Planning Commission, in July 2021, formally recommended increasing the licensing fee for vacation rentals to \$6,000 per year; and

WHEREAS, the Council passed Ordinance 958 on September 7, 2021, unanimously and effective immediately, to address the growth of the short-term rental market, and establishing ownership waiting periods and restrictions on short-term rental units at the property, building, and residential district levels; and

WHEREAS, the Council has determined and hereby declares that the interest of the Town and the public interest and necessity require that the Town be authorized to levy an excise tax on short-term rentals; and

WHEREAS, a general Town election will be held on April 5, 2022, one of the election dates at which TABOR ballot issues may be submitted to the registered electors of the Town pursuant to TABOR; and

WHEREAS, if the registered electors of the Town approve the excise tax and if a County-wide funding source for workforce housing is adopted which the Council determines is sufficient to fund workforce housing needs in the community, the Council may repeal or reduce the excise tax.

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Pagosa Springs, Colorado:

Section 1. Use of Revenues. Subject to voter approval as provided in Section 3 of this Ordinance, the Council shall implement an excise tax of up to \$1,000 per licensed bedroom annually for vacation rentals if the short-term rental owner(s) reside full-time (at least 9 months of the year) on the same property as the rental unit; and up to \$2,000 per licensed bedroom annually where the short-term rental owner(s) do not live full-time on the same property as the rental unit; with all proceeds used for the encouragement and funding of workforce housing options aimed at households in and around Pagosa Springs who earn 100% AMI or less, to include any of the following uses:

- (a) Purchasing property intended for housing;
- (b) Participating in public-private partnerships;
- (c) Providing subsidies and grants to housing providers and housing developers, which may include funding for renovation of existing housing;
- (d) Such other uses determined by the Council to encourage or promote the production of workforce housing options.

Section 2. Before the allocation allowance provided in this Ordinance shall become effective, it shall be submitted to and receive the approval of a majority of the eligible electors of the Town voting thereon at the regular election to be held on Tuesday, April 5, 2022.

(a) Conduct of Election. The election shall be held and conducted in accordance with the Town's Resolution No. ?? (Series 2021) and Article X, Section 20 of the Colorado Constitution. The Designated Election Official for the conduct of the election on behalf of the Town is hereby authorized to proceed with any action necessary or appropriate to effectuate the provisions of this Ordinance and all constitutional and statutory provisions governing the conduct of this election.

(b) Ballot Title. The ballot title for the excise' tax shall be in substantially the following form:

BALLOT ISSUE NO. XX

AUTHORIZATION TO IMPOSE AN EXCISE TAX ON LICENSED VACATION RENTAL PROPERTIES WITHIN THE TOWN OF PAGOSA SPRINGS; AND TO USE THE PROCEEDS TO FUND WORKFORCE HOUSING PROGRAMS.

SHALL TOWN OF PAGOSA SPRINGS TAXES BE INCREASED NOT MORE THAN \$562,000 IN 2022 AND BY WHATEVER AMOUNTS ARE GENERATED ANNUALLY THEREAFTER BY AN EXCISE TAX OF UP TO \$1,000 PER LICENSED BEDROOM ANNUALLY FOR VACATION RENTALS IF THE RENTAL OWNER(S) RESIDE FULL-TIME (AT LEAST 9 MONTHS OF THE YEAR) ON THE SAME PROPERTY AS THE RENTAL UNIT(S); AND UP TO \$2,000 PER LICENSED BEDROOM ANNUALLY WHERE THE RENTAL OWNER(S) DO NOT LIVE FULL-TIME ON THE SAME PROPERTY AS THE RENTAL UNIT(S); WITH ALL PROCEEDS USED TO FUND WORKFORCE HOUSING PROGRAMS; AND SHALL THE TOWN BE AUTHORIZED TO COLLECT, KEEP AND SPEND THE REVENUES FROM SUCH TAX AND ANY INVESTMENT INCOME THEREFROM NOTWITHSTANDING THE LIMITS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

Section 3. Codification. The allocation of excise tax herein shall be implemented and administered pursuant to Article ?, Chapter ? of the Pagosa Springs Municipal Code, which will be repealed and readopted to reflect the intent of this ordinance, contingent upon voter approval as provided in Section 2 of this Ordinance.