



Lodging Tax Rebate Program

City Council Meeting
May 2, 2022



Lodging Tax Rebate Program

- A Lodging Tax Rebate Program would help attract new hotel development projects to Commerce City and is part of a larger effort to increase commercial development within the city.
- In 2007, Commerce City voters approved Ballot Initiative 2A establishing a 4% hotel and motel accommodation tax commencing January 1, 2008. The industry term for this type of tax is a “lodging tax.”
- Rebating a portion of the lodging taxes collected for a set period of time can help projects overcome high development costs, making them more attractive for investment and help make a location in Commerce City more competitive.



Lodging Tax Rebate Program

- Program eligibility will be determined based on balancing the following factors against the City's goals, impact on economic development, benefit to residents, and benefit to local employers:
 - Amount of new capital investment
 - Number of new jobs
 - Proposed square-footage and number of floors
 - Hotel product type and flag, number of keys/rooms
 - Average room price per night
 - Hotel amenities
 - Hotel meeting space or restaurants
 - Hotel location and ability to be a catalyst for further commercial development
 - Estimated tax revenues generated



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- If a hotel project is determined to be eligible, then an incentive agreement is to be negotiated and approved.
- Any incentive agreement under this program will be structured as a “rebate” up to 50% of the lodging tax paid for a specified amount of time, not to exceed 10 years.
- Final approval of any Lodging Tax rebate incentive with an estimated value over \$50,000 will be subject to the approval of City Council. Any request with an estimated value below \$50,000 may be approved by the City Manager.



Lodging Tax Rebate Program

- Passing Resolution 2022-48 will make this program available as an economic development tool to help attract new hotel development to Commerce City.

