
LODGING TAX

Article V – Lodging Tax of the Arvada Municipal Code imposes a (2%) lodging tax in addition to sales tax Sec. 98-11(1)(e) on lodging service.

LODGING SERVICES

The entire amount charged to any person for lodging services (defined as furnishing any room or rooms by any person, partnership, association, corporation, estate, receiver, trustee, assignee, lessee, or any person acting in a representative capacity or any other combination of individuals by whatever name known to a person, who for a consideration uses, possesses, or has the right to use or possess any room in a Dwelling, Dwelling Unit, ADUR, hotel, motel, apartment hotel, boarding, lodging or rooming house, motor hotel, guest house, guest ranch, mobile homes, auto camps, trailer courts and parks, under any concession, permit, right of access, license or other agreement, within the city; provided however, that for a Dwelling, Dwelling Unit or ADUR, such use is for less than thirty (30) consecutive days, under any concession or franchise, permit, right of access, license to use or other agreement).

The lodging tax and sales tax **does not** apply to meeting rooms, display rooms, and banquet halls where a specific charge is made for such rooms within a facility.

Cancellation charges, forfeited deposits, or similar charges for cancelling a reservation, or failing to check-in are subject to lodging tax unless **both** of the following conditions apply:

1. The charge is less than the daily room rate; and
2. The purchaser is not entitled to the right to use or possess rooms or accommodations despite having paid the cancellation charge or forfeiting the deposit.

EXEMPTIONS

The *Arvada Municipal Code* provides an exemption for the sale of lodging to a person who continuously occupies or enters into a written agreement for occupancy of a room or rooms for a period of at least thirty (30) days during a calendar year. The exemption applies to persons or organizations that contract with a lodging facility to rent one or more rooms for a period of 30 days or more even though the individuals using the facility or the rooms may not be the same each day.

An exemption is also provided on sales to governmental and charitable organizations. In order for the exemption to apply, the following conditions must be met.

1. The sale must be made directly to the exempt entity. Evidence of this is billing made directly to the organization and not to an employee of the organization.

2. Payment must be received directly from the exempt entity. Evidence of this is payment by organization check, or the issuance of a purchase order. The transaction will not be considered exempt if an employee or member pays with a personal credit card, cash, or personal check, even though the employee or member may later be reimbursed by the organization. The use of a government issued credit card does not alter these rules. Those cards are normally issued as a convenience to the employee, and the employee is responsible for payment of the bill.

The exempt organization cannot receive any reimbursement for such lodging, such as payment of a registration fee by the registrant that includes lodging

OTHER SALE (SALES TAX)

The *Arvada Municipal Code* imposes a sales tax upon the purchase price paid for tangible personal property and certain services sold at retail. The sales tax must be shown as a separate and distinct charge. Sales tax may only be included in the price of liquor sold by the drink, the price of items vended through coin operated devices. Common examples of taxable sales in the lodging industry include, without limitation:

- **Food, Beverage and Liquor** – including restaurant meals, catering, banquets, room service, in-room refrigerator /mini-bar snacks and beverages, and food sold from a gift shop.
- **Pay Television** – including pay-per-view movies or satellite use.
- **Equipment Rental** – including audio/visual equipment, business equipment, etc.
- **Vending Machine Sales** – sales of tangible personal property such as snacks, soft-drinks, and sundries, from vending machine are taxable. The tax may be included in the price of the goods and is not required if the price of the item sold is less than \$0.15. Similar items that are purchased from front desk are also taxable.
- **Telecommunications Service** – charges for two-way interactive communication including, but not limited to, voice, image, data, and any other information, by use of any means including, but not limited to wire, cable, fiber optic cable, microwave, radio wave, or any combination of such media are subject to sale tax. Telecommunications service includes all local, intrastate, interstate, and international calls as well as charges for computer network access.

Similar to the accommodations tax, government and charitable organizations are exempt from paying sales tax provided that the charges are paid directly to the seller by the funds of the organization and the organization is not being reimbursed.

PURCHASES (SALES / USE TAX)

The *Arvada Municipal Code* imposes a use tax upon the purchase price of tangible personal property used, consumed, stored, or distributed in the City to the extent at sufficient, legally-imposed municipal sales or use tax was not paid at the time of purchase. Use tax is reported on line 10 of the periodic City sales / use tax return.

Commons examples of purchases that are taxable to the hotel include, but not limited to:

- **Complimentary Guest Supplies** – Items furnished for guest rooms, such as soap, shampoo, lotions, linens, hair dryers, tissue, and other toiletry and sundry items.
- **Complimentary Meals** – The cost of complimentary meals provided to guests or employees.

- **Furniture & Equipment** – Fixed assets such as furniture for guest rooms, banquet rooms, common areas, and hotel office, computer hardware and software, fixtures, and equipment, whether purchased, leased, or rented from sources inside or outside of City.
- **Repair Materials** – The purchase price paid for parts and materials used in repair work (not requiring a City building permit), such as plumbing, landscaping, or other time & material jobs. Installation labor is not subject to tax provided it is separately stated on the invoice.
- **Other Purchases** – Other supplies, including but not limited to, office, cleaning, and maintenance supplies, subscriptions, uniforms, promotional items, forms, publications, linens, small wares, tools, kitchen utensils, plants and decorations and other similar items.

EXAMPLES

1. Customer A stays at an Arvada hotel for 2 nights at \$100 per night. During the stay, Customer A orders an in-room movie for \$3, a room service meal for \$25, and makes a local phone call for a \$0.50 charge. These charges are all included on Customer A's bill. The hotel must collect and remit Arvada accommodations tax on the \$200 accommodation charge, and Arvada sales tax on the charges for the movie, room service, and phone call.
2. Customer B is an employee of the state of Colorado government. Customer B reserves and pays for a room using their state issued travel card. Customer B explains that they pay the bill for the card and are reimbursed for travel expenses. Because the charge is not being paid directly by the funds of the government, accommodations tax is due on the purchase price of the room.
3. Customer C makes a reservation at an Arvada hotel for an upcoming business trip. The daily rate for the hotel is \$125 plus tax. At the last minute, Customer C calls the hotel and cancels his reservation. The hotel charges a \$50 cancellation fee and sells Customer C room to another guest. The \$50 cancellation fee is not subject to Arvada accommodations tax.
4. Hotel X purchases guest supplies such as shampoo, conditioner, and lotion, from a vendor outside the State. The vendor does not collect Arvada sales tax on these supplies. Hotel X must remit use tax on the purchase price paid for these supplies on line 8 of their next periodic City sales/use tax return.

RELATED TOPICS

PAY TELEVISION SERVICES

EATING AND DRINKING ESTABLISHMENTS

ARVADA MUNICIPAL CODE – Chapter 98 - Taxation **ARTICLE V. LODGING TAX**

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT ARVADA TAX LAW FOR THIS SUBJECT, INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE ARVADA MUNICIPAL CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA MUNICIPAL CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.