



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1247: COUNTY LODGING TAX EXPANSION

Prime Sponsors:

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Sen. Roberts; Simpson

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Fiscal note status: This fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill increases the allowed county lodging tax rate and expands the purposes for which county lodging tax revenue may be used.

Types of impacts. The bill is projected to affect the following areas on a continuous basis:

- Minimal State Workload
- Local Government

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

Subject to local voter approval, the bill increases the allowed county lodging tax rate to 5 percent and expands the allowed uses of lodging tax revenue to the following additional purposes:

- public infrastructure maintenance or improvements; or
- enhancing public safety measures by funding local law enforcement, fire departments, and emergency medical services.

For counties that previously received voter approval before January 1, 2025, to allocate portions of lodging tax revenue to different services, the bill clarifies how previously approved allocations are preserved and how revenue attributable to an increase in the tax rate may be allocated by the county.

Background

Under current law, counties may levy a county lodging tax up to 2 percent on the purchases of lodging services including hotels, motels, condominiums, and camping spaces. Revenue from the tax may be used for:

- advertising and marketing local tourism;
- housing and childcare for the tourism-related workforce; and
- facilitating and enhancing visitor experiences.

Counties may seek voter approval to allocate portions of lodging tax revenue to be used for other purposes.

County lodging taxes do not apply in municipalities that levy a lodging tax themselves. As of December 2024, there are 35 counties and at least 105 municipalities that levy a lodging tax. Of all the counties that levy a lodging tax, 31 of them levy the tax at the current maximum rate of 2 percent. Municipal lodging tax rates vary greatly by municipality, and there is no statewide allowable maximum for cities and towns.

In 2023, the most recent year of available data, county lodging tax revenue totaled \$15.9 million, with reported annual county revenue collections ranging from \$5,000 in Bent County to \$3.8 million in Summit County.

State Expenditures

Conditional on local voter approval of an increased lodging tax rate, the Department of Revenue will have minimal additional workload to adjust local lodging tax rates; this work can be accomplished within existing appropriations.

Local Government

Counties that seek and receive voter approval to increase their local lodging tax rate will see increased revenue up to two and a half times the level of current allowed lodging tax revenue. Municipalities that have a revenue sharing agreement with their respective county may also receive additional revenue. In addition, due to the expansion of allowable uses of lodging tax revenue, counties may have more operating and capital budget flexibility, potentially allowing for expanded local services.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Counties	Municipalities
Information Technology	Revenue
Local Affairs	

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).