

# PROPOSED ORDINANCE 20-05

## Lodgers' Tax Update

Amending Chapter 23, Article 1 of the Roswell City Code

ITEM NO. 5  
(PERRY/JENNINGS)

# Lodgers Tax Legislative Updates

The City is permitted to impose a tax on lodgers within the city limits pursuant to state statute, NMSA 1978, §§ 3-38-13 to -24. The extent of the tax is defined by state statute.

- Recent amendments to the Lodgers Tax Act
  - SB 106 (2019)
  - HB 117 (2020)
- Amendments eliminate or restrict exemptions to lodgers tax
- SB 106 – effective Jan. 1, 2020
- HB 117 – effective July 1, 2020
- Proposed ordinance would update City's Lodgers Tax provisions based on SB 106 and HB 117

# Proposed Ordinance 20-05 Lodgers' Tax

## Background SB106

- The new law, which went into effect on January 1, 2020, closes a loophole that exempts short-term rental hosts offering fewer than three rooms from collecting local lodging tax.
- Vacation rental hosts in New Mexico are also required to pay the state's gross receipts tax.
- Under the new law, short-term rental hosts, no matter how many rooms they offer, must pay local lodgers' tax in communities that levy the tax.

## Background HB117

- Restricts exemptions for lodging greater than 30 days if “temporary lodging”
- Adds new subsection (B) Tax collected after 30<sup>th</sup> day may be used for any municipality purposed outlined as
  - Construction, maintenance and renovation of City owned tourist attractions and related facilities, including sports tourism;
  - Financial support for public safety and community development efforts; and
  - Promotion of economic development related projects

# Proposed Ordinance 20-05 Lodgers' Tax

- The definition of “short-term rental” in New Mexico.
- Short-term rentals in New Mexico are those used for transient accommodations.
- Roswell, New Mexico has over 64 short term rentals active that fall under the new law.
- The following are just a few of the short term rental web platforms.



# Proposed Ordinance 20-05

## Current Status

- Legal Committee on April 23, 2020 made a recommendation to full City Council authorizing the advertisement for a public hearing and vote on proposed Ordinance 20-05 Lodgers' Tax Update.
- Heard at City Council at the June 2020 regular meeting and referred back to Legal Committee to include language that went into effective 7/1/20.
- Legal Committee on June 25, 2020 – no action due to lack of quorum
- Presented at Finance on July 2, 2020 passed (4-0)

# Proposed Ordinance 20-05 Lodgers Tax Update

- This revision to the ordinance follows state statute in removing that exemption from the tax. The state statute went into effect January 1, 2020 SB 106 and HB117 effective July 1, 2020.
- It is anticipated that the City would see an increase in Lodgers' Tax revenue as a result of eliminating exemptions.

Action Requested: Approve amended changes as outlined in State Statue to update City's Lodgers' Tax provisions based on SB106 and HB117