



Colorado  
Legislative  
Council  
Staff

Room 029 State Capitol, Denver, CO 80203-1784  
(303) 866-3521 FAX: 866-3855 TDD: 866-3472

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**MEMORANDUM**

March 31, 2010

**TO:** Interested Persons  
**FROM:** Jason Schrock, Economist, (303) 866-4720  
**SUBJECT:** Tourism Sales Tax

This memorandum responds to your request for information on the tourism-related sales tax that was in effect from FY 1982-83 until FY 1992-93. It provides information on the products and services that were subject to the tax and the amount of revenue generated from the tax.

**Sales Tax for Tourism Promotion**

Colorado had a tourism-related sales tax that was in place for just over 10 years, from May 1, 1983, to June 30, 1993. The tax was levied on purchases related to the tourism industry and was in addition to the existing state and local sales tax. Revenue from the tax was transferred to the Colorado Tourism Promotion Fund for use by the Colorado Tourism Board to fund tourism marketing and promotional programs.

The tourism tax was originally 0.1 percent when enacted in 1983 and was scheduled to expire on June 30, 1988. In 1987, one year before the scheduled expiration of the tax, the General Assembly extended the tax until July 1, 1993, and increased the tourism tax rate to 0.2 percent. The following products and services were subject to the tax:

- lodging services;
- food and drink sales;
- ski lift and admission tickets (including tramways, gondolas, and other conveyances);
- tourist attraction admissions;
- rental cars; and
- tour bus and sightseeing carrier tickets.

Tourist attractions were defined as any commercial entity which appealed to the recreational desires and tastes of the public through the presentation of services or devices designed to entertain or educate visitors, including but not limited to:

- amusement parks and carnivals;
- aerial tramways;
- animal exhibits and zoos;
- beaches, hot springs;
- boat, raft, and kayak rentals and tours;
- caves, waterfalls, observations towers, and other scenic and natural wonders;
- historic structures;
- horse shows and rodeos;
- commercial museums and wax exhibits;
- rides on airplanes, balloons, gliders, parachutes, scenic railroads, and other transportation for amusement purposes; and
- car, bicycle, dog, horse, and other racing events.

Tourist attractions owned by governments, as well as attractions operated on an occasional basis for fundraising purposes by nonprofits, were exempt from the tax.

***TABOR election to extend the tourism tax.*** Because the Taxpayer's Bill of Rights (TABOR) requires voter approval to extend an expiring tax, the General Assembly referred the question of whether to continue the tax to voters in 1993 (Article X, Section 20 (4) (a), Colorado Constitution). The extension of the tax was defeated, with 55 percent voting in opposition.

***Revenue from the tourism tax.*** Table 1 provides a history of the amount of revenue generated from the tax from FY 1982-83 to FY 1992-93. A total of \$67.6 million was collected from the tax overall, averaging \$6.1 million a year. The amount collected averaged \$9.0 million annually after FY 1986-87, when the tax was at the increased rate of 0.2 percent.

According to a spokesperson from the Department of Revenue, a breakdown of the amount of revenue generated from all the products and services that were subject to the tourism tax is not available. However, Department of Revenue records provide data on how much revenue was collected by industry. Two of the products and services that were subject to the tourism tax - food and drink sales and lodging services - match two industries for which the Department of Revenue has records: eating/drinking establishments and hotels and other lodging places. These two industries collected the highest amount of the tourism tax among the list of industries in Table 1, \$42.1 million and \$13.0 million, respectively. These industries generated 81.5 percent of the total amount collected. By the time the tax expired in 1993, about 12,500 businesses in Colorado were collecting the tax.

**Table 1: Revenue from Tourism-Related Sales Tax, By Industry  
FY 1982-83 to FY 1992-93**

Industry	FY 82-83	FY 83-84	FY 84-85	FY 85-86	FY 86-87	FY 87-88	FY 88-89	FY 89-90	FY 90-91	FY 91-92	FY 92-93	Total	Percent of Total
Agriculture, Forestry & Fisheries	\$0	\$347	\$411	\$423	\$419	\$833	\$1,018	\$1,437	\$1,819	\$1,816	\$1,542	10,065	0.01%
Contract Construction	0	0	0	0	15	92	160	476	732	651	1,342	3,468	0.01%
Manufacturing	0	26,629	10,962	5,361	6,289	10,342	11,716	8,454	8,038	9,528	9,827	107,146	0.16%
Transportation, Communication, Electric Gas, and Sanitary Services	0	6,815	6,772	7,052	7,497	12,577	15,700	44,865	16,773	29,029	21,874	168,954	0.25%
Wholesale Trade	0	318	614	824	1,425	1,908	1,510	1,208	1,716	2,050	1,941	13,514	0.02%
Building Materials and Farm Equipment	0	0	5	16	11	25	978	1,569	1,517	1,826	3,517	9,464	0.01%
General Merchandise	0	13,581	17,672	17,411	19,222	34,869	20,859	25,780	24,159	34,663	30,363	238,579	0.35%
Food Stores	6	90,213	83,035	92,742	167,057	211,771	248,534	259,413	291,569	348,722	370,307	2,163,369	3.20%
Automotive Dealers and Service Stations	0	3,175	4,491	5,254	10,760	63,212	142,088	45,198	59,823	90,696	87,681	512,378	0.76%
Clothing Stores	0	1,858	2,360	2,935	3,264	4,742	5,518	6,752	7,806	9,439	10,555	55,229	0.08%
Furniture and Home Furnishings Stores	0	11,038	17,571	22,515	19,934	43,627	50,366	52,112	1,998	3,525	3,020	225,706	0.33%
Eating/Drinking Places	2,145	1,909,937	2,181,615	2,360,854	2,532,896	4,335,967	5,215,245	5,317,833	5,703,884	6,070,858	6,462,510	42,093,744	62.25%
Miscellaneous Retail	0	51,994	55,062	101,345	130,392	232,624	239,920	147,276	215,374	231,132	264,460	1,669,579	2.47%
Finance, Insurance and Real Estate	6	65,738	86,600	86,298	90,347	177,697	225,333	327,193	326,784	370,964	405,479	2,162,439	3.20%
Hotels/Lodging Places	136	523,647	634,075	650,350	677,790	1,195,334	1,523,664	1,708,324	1,818,038	2,036,007	2,268,940	13,036,305	19.28%
Services Other Than Lodging	227	162,471	200,968	228,164	245,891	450,270	509,618	674,309	707,976	826,495	1,049,817	5,056,206	7.48%
Government Facilities	0	99	25	176	(199)	67	857	22,453	21,147	24,955	23,675	93,255	0.14%
Nonclassifiable Establishments	0	32	(5)	65	(844)	100	(163)	155	(261)	190	989	258	0.00%
<b>Total</b>	<b>2,520</b>	<b>2,867,891</b>	<b>3,302,232</b>	<b>3,581,787</b>	<b>3,912,166</b>	<b>6,776,058</b>	<b>8,212,921</b>	<b>8,644,807</b>	<b>9,208,892</b>	<b>10,092,546</b>	<b>11,017,839</b>	<b>67,619,658</b>	<b>100.00%</b>

Source: Department of Revenue