



**Background Paper for Proposed Ordinance**

**COUNCIL MEETING DATE:** August 14, 2023

**TO:** President Heather Graham and Members of City Council

**CC:** Mayor Nicholas A. Gradisar

**VIA:** Marisa Stoller, City Clerk

**FROM:** Bob Jagger, Acting City Attorney

**SUBJECT:** AN ORDINANCE SUBMITTING TO THE ELIGIBLE ELECTORS OF THE CITY OF PUEBLO, COLORADO AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 7, 2023, A QUESTION ESTABLISHING AN ADDITIONAL ONE AND ONE-HALF PERCENT LODGER'S TAX RATE FOR PROVIDING ACCESSIBLE AND AFFORDABLE CHILDCARE PROGRAMS FOR WORKING FAMILIES IN THE CITY OF PUEBLO

**SUMMARY:**

Attached is a proposed Ordinance requested by Council Member Sarah Martinez referring a ballot question to the voters of the City of Pueblo at the November 7, 2023 general municipal election establishing an additional one and one-half percent (1.5%) lodger's tax rate dedicated to providing accessible and affordable childcare programs for working families in the City.

**PREVIOUS COUNCIL ACTION:**

Not applicable to this Ordinance.

**BACKGROUND:**

According to the 2021 Colorado Health Access Survey, nearly one in five (17.8%) families in Pueblo County reported not being able to access child care when they needed it. The lack of accessible and affordable childcare in the City is significant and contributes to lower employment, lower incomes and increased dependence on public support.

The proposed ordinance would allow the voters to approve establishing an additional one and one-half percent (1.5%) lodger's tax rate dedicated to providing accessible and affordable childcare programs for working families in the City. This lodging tax increase will generate approximately \$625,000 annually, and the tax increase is limited to a period of five years from 2024 through 2028.

According to the June 26, 2023 Work Session presentation, it is estimated that every \$1 spent equals more than \$2.33 in economic benefits and that the tax increase will only result in a \$.21 cent increase per night on visitor's receipts.

The use of such funds will not only promote higher employment among parents of young children which will bolster family income and family health but also the City's economy.

An example of the potential use of such funds could be an agreement with Pueblo Community College supporting the Children First Child Care Resource and Referral program or other programs and services that Council may direct.

**FINANCIAL IMPLICATIONS:**

It is anticipated that the additional 1.5% lodger's tax will generate up to approximately \$625,000 in 2024 and each subsequent year, subject to fluctuation in lodger's tax revenue collected during those years.

**BOARD/COMMISSION RECOMMENDATION:**

Not applicable to this Ordinance.

**STAKEHOLDER PROCESS:**

Members of the public are the primary stakeholders affected by the proposed Ordinance. The issue of establishing an additional 1.5% lodger's tax has been discussed at the June 26, 2023 work session.

**ALTERNATIVES:**

This Ordinance must be adopted in order to refer the ballot measure to the voters.

**RECOMMENDATION:**

This is a tax policy matter to be submitted to the vote of the people.

**ATTACHMENTS:**

1. Proposed Sales and Use Tax Ordinance