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FOR IMMEDIATE RELEASE, OCTOBER 14, 2021

NEWS RELEASE

REVISED Durango collects more lodgers tax than anticipated

Durango, CO: The swift recovery of Durango’s tourism economy this summer has resulted in the collection of more lodgers tax under the April ballot measure than estimated. State law requires the city either refund the money to tourists who paid the excess tax or hold another election so voters can decide what to do with the money.

City voters in April of this year approved increasing the lodgers tax on accommodations at hotels and motels in Durango from 2% to 5.25%. The city had estimated \$900,000 would be collected by the end of the year but has already reached that level. At least \$500,000 is expected to be collected by the end of 2021 over what was estimated.

The state’s Taxpayer Bill of Rights (TABOR) requires tax-collecting entities in these situations to refund the excess money beyond what was estimated on the ballot measure or have another question on the ballot that allows governments to use the excess money for public services. An election could potentially be held November 2022.

“We are not the only city in Colorado that has experienced the collection of an approved tax in excess of estimates under TABOR,” said Durango City Attorney Dirk Nelson. “City Council has not made any determinations about potential options, but it is something we wanted to let the taxpayers know about now.”

City Manager José Madrigal said the city conservatively estimated the lodgers tax collections based on the expected long-term impacts of COVID. “The rapid recovery of the visitor industry in Durango, far surpassed expectations,” he said. “It’s a good story in terms of the economy.”

Issuing refunds to visitors from across the globe would be difficult, so the amounts in excess of the estimate will be set aside in a special fund until council decides how to proceed, Nelson said.

Voters in April approved spending the tax on visitors for marketing efforts, local arts programs, transportation efforts and other tourism-related impacts.