

Lodging retailers engaged in business in the City of Louisville are responsible for the collection and payment of lodging tax and sales/use tax. Sales and use taxes are remitted to the City on a Sales/Use Tax Return and lodging taxes are remitted separately on a Lodging Tax Return.

The Louisville Municipal Code (LMC) imposes a lodging tax, in addition to sales tax, upon the amount of money received or due in cash and credits upon the lease or rental of any hotel room, apartment hotel room, motel room, lodging house room, motor hotel room, guesthouse room, guest ranch room, extended stay lodging room or similar accommodation located in the City.

The lodging tax *does not* apply to extended stay lodging of 30 consecutive days or more when rented under a long-term written agreement.

The lodging tax *does not* apply to the United States Government, the State of Colorado, its departments and institutions or political subdivisions *provided* the lodging charges are billed directly to, or paid directly by, the governmental entity. The person must also be acting within their governmental capacity and/or participating in governmental functions or activities.

See the “Lodging Tax” publication in this Tax Guide for further information.

The LMC imposes a sales tax on the entire amount charged to any person for lodging, rooms or accommodations that are rented for a period of less than one month or 30 consecutive days.

### **Other Items Subject to Sales Tax**

Sales tax applies to the purchase price paid for tangible personal property and certain taxable services. Sales tax must always be shown as a separate and distinct charge. For alcoholic beverages sold by the drink and items sold through coin-operated devices only, sales tax may be included in the selling price.

- Coin-Operated Vending Devices
  - The sale of tangible personal property through coin-operated devices such as snacks, soft-drinks or other sundries, are taxable. The tax may be included in the selling price and no tax is due on individual items selling for less than \$0.17.
- Equipment Rental/Other Rentals
  - The rental of furniture, business equipment, audio/visual equipment, sports equipment, etc. is taxable.
- Food, Beverages and Liquor
  - Restaurant meals, catered meals, banquets, room service, and food sold for guest preparation are taxable.

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- Telecommunications Service
  - Charges for two-way interactive communications including but not limited to voice, image, data and any other information, by the use of any means but not limited to wire, cable, fiber optical cable, microwave, radio wave, Voice over Internet Protocol (VOIP), or any combinations of such media, including any form of mobile two-way communication, are subject to sales tax.
  - Charges imposed by the lodging provider for local and intrastate (within Colorado) long distance telephone calls are subject to City sales tax on the marked up price. This tax is in addition to any taxes the lodging retailer remits to the telephone utility company. Interstate phone calls (outside Colorado) are exempt from Louisville sales tax.
  - If guests are not charged to make local calls, no sales tax is owed.

### **Other Purchases by Lodging Retailers Subject to Sales/Use Tax**

The LMC imposes a use tax upon the purchase price paid for tangible personal property and certain taxable services used, consumed, stored, or distributed in the City whether purchased, leased or rented from sources outside the City on which Louisville sales tax or other lawfully imposed sales tax has not been paid. Items delivered into Louisville are subject to Louisville sales/use tax and credit will not be given for taxes paid to another jurisdiction.

This means that lodging retailers are required to pay sales tax at the time of purchase, or to accrue and remit use tax to the City of Louisville. Some examples of taxable purchases include:

- Complimentary Guest Supplies
  - Items furnished for guest rooms such as soap, shampoo, tissue, glassware, coffee, linens, hairdryers, stationery, mini-refrigerators, etc. are subject to Louisville sales or use tax.
- Complimentary Meals, Food or Beverages
  - Complimentary food, including but not limited to breakfast buffets, continental breakfasts, fruit, hors d'oeuvres, beverages provided to employees or guests, is subject to Louisville sales or use tax on the purchase price paid by the hotel/motel.
- Furniture or Equipment
  - All fixed assets such as furniture, office equipment, recreational equipment for guest rooms, common areas, hotel offices, exercise rooms, meeting rooms or other areas are subject to City sales or use tax. Also any computers, computer software, or kitchen equipment is subject to Louisville sales or use tax.
- Repairs

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- Any materials used for repairs not requiring a Louisville building permit are subject to City sales/use tax. This may include painting, plumbing repairs, landscaping or other minor repairs. Repair or installation labor is not taxable if the labor charges are separately stated on the invoice.
- Supplies
  - All office supplies, cleaning supplies, uniforms, promotional items and similar is subject to Louisville sales/use tax.

**Examples**

1. Customer A is from out-of-state and reserves a standard room for two days to conduct interviews and meetings with local sales representatives. The Customer uses the fitness center with a daily fee of \$10. Louisville lodging tax would be due on the purchase price of the room because the room is intended to accommodate an overnight stay and is not a dedicated meeting room. Sales tax would be due on the full price of the room and the daily fee for use of the fitness center.
2. A local business group reserves a dedicated meeting room to conduct various presentations and networking activities. No Louisville lodging tax or sales tax is due on the purchase price of the meeting room. Any food or beverages provided by the hotel is subject to Louisville sales or use tax as well as the rental of any equipment.
3. Customer B is an employee of a State municipality. Customer B pays for their room with a City-issued Visa card on which the City's tax exempt tax number is printed. No Louisville lodging tax or sales tax is due on the purchase of the room.
4. A tax-exempt Church reserves five rooms for its members to attend a religious seminar at a nearby university. Louisville lodging tax is due on the purchase price of the room because the LMC does not exempt charitable or non-profit groups from the imposition of the lodging tax, however, no Louisville sales tax is due on the purchase price of the room, provided the charges are billed to or paid for directly by the tax-exempt organization.

Customer C is a Federal Government employee who reserves a room over the phone using their federally issued travel card. Upon check-out, Customer C asks you to use their personal credit card for the payment stating that they will be reimbursed for their travel expenses by their employer. Both lodging tax and sales tax should be charged on the purchase price of the room because the charges are not being paid directly by the funds of the government.

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