

# **AURORA BUSINESS ADVISORY BOARD**

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Minutes of the Regular Meeting  
May 26, 2020

## **Board Members Present:**

Garrett Walls, Nosh Tarachand, Bob Fryberger, Regina Edmondson, Carolyn Pace, Alok Sarwal, Martin Liles, Chance Horiuchi, Hitesh Patel

## **Board Members Absent:**

Unexcused - Phillip Villard

**Staff Present:** Elena Vasconez

**Guest Present:** Steven Wright, Trevor Vaughn, Stephanie Mufic

## **CALL TO ORDER**

Meeting called to order at 11:02 am by Garrett Walls.

## **APPROVAL OF THE MINUTES**

Mr. Walls asks to have a discussion about the style of the minutes before approval.

Question: Did you review the minutes and what do you think about the style of minutes – full transcription or general summary of topics.

Mr. Walls likes the transcription style especially when you need to go back and look for something. What works best for members:

Ms. Pace – transcription style minutes – gives overall information.

Ms. Edmondson – (from the chat) likes the transcription style. It gives the council members more detailed information.

Mr. Fryberger wanted to know what the issue is with the minutes?

Mrs. Walls stated that in the past, minutes were summary based & other committees due summaries. Mr. Walls wanted to see if the board members have a preference.

Mr. Fryberger & Ms. Horiuchi have no preference.

Mr. Patel - depends on how much time the Council Member has to read the transcription style. The summary style may be easier for the Council Member to read.

Mr. Walls stated that the Board will leave it to Ms. Epperson's preference and the time she is spending on developing them.

Mr. Walls asks if there are any questions or changes on last month's minutes? There are some Administrative changes/grammatical – Mr. Walls reviews the minutes before the meeting.

Mr. Walls - moves to approve minutes -

Contrary to usual voting - if someone is against let us know.

Mr. Walls moves to accept April 27 minutes with admin changes.

Mr. Patel Seconded.

None opposed.

April 2020 Minutes Approved.

## **PUBLIC COMMENTS**

None

## **WELCOME**

Welcome new member Chance Horiuchi – She is the Executive Director for the Havana District. Ms. Horiuchi provided a brief description of the Havana District. Long time in the Aurora community. Engaged in non-profit and community engagement. She represents CM Dave Gruber at Large. Congrats

Bob Fryberger was officially re-appointed - welcome back.

## **COUNCIL CONTACTS**

Mr. Patel – CM Marcia Berzins - no contact

Ms. Pace – CM Juan Marcano- has kept in contact via text message with him to let him know what the BAB is doing.

Ms. Horiuchi – has connected with CM Gruber not on BAB matters but coordinating COVID- 19 efforts and updating reopening guides for businesses.

Mr. Liles – CM Bergan has been in contact every other day for the last 3 weeks. They did a meeting with the community on the transition of businesses to stay at home. She is very open.

Mr. Tarachand – CM Gardner - exchanged text messages regarding agenda items.

Ms. Edmondson – she talks with CM Hiltz every other Friday – no issues for this agenda.

Mr. Fryberger - CM Murillo, he has sent emails to her.

Mr. Walls – Mayor Coffman: Mayor is doing what he can with all that is going on out there and coordinating with Tri-county & advocating for Aurora businesses. Things are going well with his stand on people eating out and taking things to go.

*Outcome:* BAB members will continue to reach out to their Council Members and keep them up to date. Please stay in touch and maintain the connection.

## **IFC – Commander Wright**

Commander Steve Wright, Re-opening businesses after COVID, the permitting process and emergency response.

Re-opening business post COVID trying to expedite temporary use permits quickly and efficiently to reopen business in the City of Aurora.

Permit is for extra outdoor seating, which may encroach on fire lanes, parking spaces. Challenges: blocked exits, change traffic flow, businesses do not react well to public health orders. Trying to work with businesses to reopen and with decisions that cause hazards to the public. The checklist for small business brick and mortar, print out and use as template. The checklist points to some issues that life safety has. Check list has Covid reopening issues.

Mr. Walls will give update in the PED meeting that Commander Wright talked with BAB re: reopening checklist from AFDP.

Mr. Tarachand asked do you know if you comply with all stipulations regarding Public Health reopening, immunity from a lawsuit. Can people sue a business even if there is not malicious intent?

Commander Wright: you would be ok if you abide by Fire Code & Other Public Health issues.

Mr. Walls is hoping to invite the CRA & their Legal partners to talk about liability issues for small business owners as it relates to COVID, as well as lawsuits from employees and public. There is a concern amongst business owners.

Commander Wright stated RE: Life safety - General rule of thumb is doing something, even temporary fix issues and comply with temporary regulations, demonstrates good will, AFD goes in to work with the business about concerns.

**Trevor Vaughn, Manager Tax & Licensing** Lodgers Tax

Mr. Vaughn in regard to Mr. Tarachand's question this would be a question for an attorney but as long as the business owner is following the law and guidance, you have a better chance to decrease your liability.

Lodging - long term sales tax exemption modification of language. The State has adopted, and proceeds go to Visit Aurora to help with tourism. There is a tax on lodging. Just applies to Short term lodging. There is an exemption for long term use like a lease a room for 30 days or more which would be residential. The language talks about a person and a corporation can be a person. Business entities will lease a room for months at a time or year and put their employees in these rooms for 1 or 2 nights at a time. Companies are using this exemption. State attorney looked at the language and wanted to change this from person to natural person – an actual human which they feel was the intent. The City felt that now is the time to change this language as the state is changing the language. This would generate additional revenue as this exemption would no longer apply to these business entities. For the most part this would be airlines. This was presented to city council study session in March. It is something the council would like to take a further look at.

Mr. Patel thanked Mr. Vaughn for explaining this tax. Hotels are paying the most tax. And they have been burdened the most from COVID. Mr. Patel asked if the City is doing anything to help hotels? Hotels are already paying \$2/rental to Visit Aurora. He asked if there is a possibility to do a temporary exemption of the \$2 for now to show support of hotels. What do we need to do to make this happen, big hotels are better financially than small local hotels who have not received any help?

Mr. Vaughn stated that the City did the AER program. The problem is that the City is also in a financial bind due to COVID. The relief has been more on the loan side. This is certainly something the BAB could take up and discuss.

Ms. Pace asked about the financial situation of the City of Aurora.

Mr. Vaughn responded the City is looking at \$ 25M decrease revenues this year and \$ 30M in 2021. There are a number of immediate savings options are being considered at the moment. Temporary and seasonal employees have been furloughed and the city has stopped certain capital projects. We want to see what April tax returns are going to look like. 70% of the City's budget comes from retail and use tax. Very dependent on sales and use tax. 50% of the budget is spent on public safety - fire and public safety.

BAB could take up this issue and bring it to the City Council. Mr. Walls will work with Mr. Patel. Mr. Walls has brought this up but has not received the best response. Want to understand the issue and specifically for you. Mr. Walls would like to coordinate a meeting with Mr. Patel and CM Gruber and CM Gardner to talk about hotels about the Lodgers tax to bring suggestions to City Council. Mr. Walls stated that The Lodgers Association is not happy about this tax.

Mr. Patel commented that the city gave the Gaylord a lot of tax breaks. Visit Aurora is a shame right now. Gaylord is driving this. Rates are higher. More business is going to Gaylord and the hotels in Denver.

Mr. Edmondson asked how does this impact hotel that use for temporary lodging for folks that are unhoused. How will it affect the city use of hotels to provide shelter to people who are unhoused during this epidemic?

If a room is rented longer than 30 it would be exempt because at that point it would be considered a residence.

And if it is for a night or 2, it would be Tax exempt because it was purchased by a tax-exempt entity.

Mr. Walls asked Mr. Vaughn to speak on the other side of this issue.

Mr. Vaughn hasn't received anything about the other side of this.

Mr. Walls would like to make this an action item for BAB. Take a vote and draft a letter to recommend this.

Mr. Sarwal moved to draft a letter of support.

Mr. Patel Seconded

No comments or questions regarding motion.

There were none opposed. letter of support - all approved

**Follow-up Action:** Ms. Vasconez and Mr. Walls to draft letter.

**Stephanie Mufic, Business Services Supervisor, Arapahoe/Douglas Works**

Ms. Mufic presented for the BAB Small Business Unemployment info during COVID.

Business 11 – core services with Workforce

Tracking unemployment on a weekly basis

Arapahoe has more unemployment claims than other counties.

PUA claims - grew the first few weeks, now it has been dropping down gradually. Stipend plus \$ 600.

Trade, transportation and utilities industries – layoffs more permanent

Highest peak – Leisure and hospitality - layoffs came quickly.

Unemployment in Arapahoe - highest to \$ 12.2 – long term more layoffs for the rest of the year.

Loss in worker earnings - \$ 400 Million - \$ 72.2 filled with unemployment and \$ 600 stipend.

Gender disparity - women have been impacted more than men.

17.5% of 55 and older have been laid off.

Work share program - part of unemployment to help businesses and employees with their cut of 10 to 40 % in hours - keep working but with fewer hours. File for workshare – plan reduction –

unemployment will make up for the time employees are off. Response in 48 hours up to 26 weeks - benefits. It runs for 12 months or 52 weeks. PPP will calculate only on the 75% you pay and will not include unemployment benefits.

Ms. Horiuchi - please share regarding job fairs and virtual hiring events -

Ms. Mufic stated that Arapahoe Douglas Workforce has virtual interview rooms, multiple employer events.

Ms. Pace asked what other groups of people are being impacted by tech issues. Are you paying attention to that issue and supporting one-on-one events with clients and employees?

Ms. Mufic stated AD Works is offering tech trainings to help employees become more proficient.

Ms. Mufic: WIIOA - grant to workforce centers to help in any industries. Worker is assigned to workforce specialists, they determine transferable skills, determine gap and then determine training needed. Training for 18 months or less by industry. They get recognized credentials, and the workforce center will pay for training while getting unemployment.

Ms. Mufic: CDLE stated unemployment runs out this is not free money. 2021 no sur-charges due to COVID – 19. Because of the level of unemployment; there will be an increase in a level of premiums in the next couple of years. Colorado trust fund will not be depleted until December 2020.

### **Update on Aurora Small Business Grant & Loan**

Ms. Vasconez stated that the First batch of approximately 50 checks were released on Friday, May 22. Originally, we were hoping to release all checks, but we were not ready because of the number of requests. Checks went out with a letter from Jim Twombly and Council Members were notified of who received the grant so they can follow up via email or phone.

We expect checks to be released on a weekly basis. Currently we do not know when the letters of denial will be sent out, we will keep the Board abreast of dates.

Regarding the loans, it is taking longer because of the underwriting process and approval. CEDS is doing the underwriting and they send a list to the review committee and then they will make a decision and be invited to the loan closing.

We received 1095 applications, which went through different layers of review. First all applications were reviewed for licensing, permits, zoning, taxes, and police. Those that made it through (approximately 431) received a letter to send financial documentation, many people did not send the required documents. The review committee is making sure that businesses in all Wards get the grants.

Mr. Walls asked if there is going to be a second round of funding?

Ms. Vasconez responded that there are conversations but to date there is no final decision.

Mr. Walls on behalf of the Board would like to request that language is very clear regarding requirements, so there is not confusion like last time and people don't self-select out because they did not understand them.

Mr. Sarwal would like to see the rubric with requirements that was used to evaluate the businesses.

Ms. Vasconez stated that she can share the rubric they have been using. And it should be shared more.

Ms. Pace asked if the money came from Federal Funds.

Ms. Vasconez the fund has a combination of sources: part of the funds were Community Development Block Grant Funds from the Federal Government and AURA funds from the City of Aurora. Currently the City is getting funds from the Cares Act and will be using those funds. Many cities and Counties received a grant for the Federal government through the Cares Act.

Mr. Walls asked if we could provide the names of the people who are in the review committee.

Ms. Vasconez stated that the issue was discussed in at City Council meeting, but the members decided not to participate in the decision making but will like to get the final list.

Mr. Walls stated that while the Board members were happy about the program but at the same time indicated that the community has also been critical of how the program has been managed.

### **How are You doing?**

Mr. Fryberger stated they are in a holding pattern, waiting until things reopen and find staff. They are hoping to open the Southlands branch. They are currently competing with unemployment for new hires. People prefer to stay home.

Ms. Edmondson stated No movement for catering. She has been participating in various meetings from the food industry and she has been speaking in favor of caterers and very small business owners.

Mr. Tarachand stated Nothing has changed since last month. They have been putting bids out but have not had responses. This is a difficult time.

Mr. Liles stated they are 70% of Southlands is occupied. Two big anchor tenants are still dark, but retailers and restaurants are ready to open, and they are proving opportunities for businesses to use various open spaces and empty stores. Still waiting on gyms.

Ms. Horiuchi stated most of the business in the 3.4-mile Havana corridor were considered essential so have stayed open. Many retail and restaurants have also opened but with limited capacity and are obtaining temporary permits from the City with the help of the City and SBDC.

Ms. Pace received her PPP loan, she is waiting to hear about the AER. She has reopened and offering soil and compost delivery and that is going well. She is hoping to hire a PT person with a truck. She was asked if she is doing training for first time gardeners, and she indicated she is doing some videos on social media but mostly refers people to the Denver Botanic Gardens

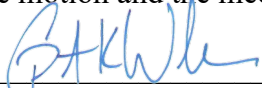
Mr. Sarwal - Doing primary care in Aurora. They are upgrading their technology to offer medical Telehouse visits and monitoring of patients at home. They have two sites from which they are testing for COVID-19 and are working very closely with Tri-Health and Denver Health.

Mr. Walls requested he follow up with more information of the testing sites.

Mr. Walls requests the Board members bring ideas, concerns and suggestions for future Agenda topics. He also asked them to let them know if they have any speakers that might be good for to present to the Board on different topics.

Mr. Walls moved to adjourn the meeting at 12:47 pm.  
Ms. Pace seconds the motion and the meeting ends.

APPROVED:

  
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Garrett Walls, Chairperson

Tax and Licensing Division  
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Aurora, Colorado 80012  
303.739.7800



## MEMORANDUM

**TO:** Business Advisory Board

**FROM:** Trevor Vaughn, Manager of Tax and Licensing

**DATE:** May 21, 2020

**SUBJECT:** Long-Term Lodging Sales Tax Exemption: Limit to Natural Persons

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As a result of report from the Office of the State Auditor on State tax expenditures, an interim legislative committee recommended a modification to the State's exemption for long term lodging. This modification was adopted by the legislature through house bill 20-1020 which was signed by the governor on March 20<sup>th</sup> and will be effective January 1, 2021.

Lodger's tax or sales tax on lodging is intended to apply to short term lodging. Stays longer than 30 days with a written agreement are exempt from this tax as they are considered to be residential stays and not short term lodging. The state and city tax codes define a person to include corporations and other non-natural persons. This has resulted in a situation for business entities that lease a room for longer than 30 days receiving the exemption as if it was a residential stay even when the people staying in the room may be different each night. The State determined this was not the original intent of the exemption. House bill 20-1020 redefines the exemption to only apply to natural persons. A business entity may still claim the exemption if it is leasing the room for a single person for longer than 30 days.

For the same reasons the state identified that the exemption is not serving its purpose when it is taken by non-natural persons, the city may consider making the same adjustment to the lodger's tax code. This will also allow for simplification with the state application of taxes. This change would result in an estimated \$240,000 in additional lodger's tax revenue each year.

This modification was presented to City Council on March 2<sup>nd</sup> and a majority requested that it be brought forward for additional consideration.



## 4. Modification of lodger's tax exemption

Revenue category	New or existing revenue	Difficulty to implement	New revenue generated (annually)
<b>Tax-related</b>	<b>Existing</b> (remove lodger's tax exemption)	City Council approval required	~\$240,000

### Description

House bill 20-1020 proposed at the state originated from an interim committee and would limit lodger's tax exemptions on stays of 30+ nights to "natural persons." Currently the exemption is provided to "Persons" which is defined to include corporations. Adjusting the definition in the exemption would essentially remove the ability for businesses (usually airlines) to claim the exemption. This change would make the exemption more consistent with its original intent to provide an exemption for residential stays.

If the bill passes, the City could follow the state and remove the exemption with approval from the Council.

### Barriers and other considerations

No legal concerns anticipated. Legal challenges may be possible.

By ordinance, a portion of lodger's tax is allocated to Visit Aurora, this can be modified via ordinance.



# An Act

HOUSE BILL 20-1020

BY REPRESENTATIVE(S) Snyder and Benavidez, Herod, Melton;  
also SENATOR(S) Moreno, Gonzales, Hansen, Lee, Rodriguez, Winter.

CONCERNING THE RESTRICTION OF THE STATE SALES TAX EXEMPTION FOR  
LONG-TERM LODGING.

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1. Legislative declaration.** (1) The general assembly finds and declares that:

(a) The sales tax exemption for long-term lodging exempts stays of thirty days or more at hotels, apartment hotels, lodging houses, motor hotels, guesthouses, guest ranches, trailer coaches, mobile homes, auto camps, or trailer courts and parks from the state sales tax on lodgings.

(b) This sales tax exemption has remained largely unchanged since it was enacted in 1959.

(c) The exemption does not state whether it can be claimed in the case where the lodgings are paid for by the same payer for at least 30 days, but multiple persons stay in the lodging during that period of time and none

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*Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.*

of those persons stay for longer than 30 days. The department of revenue has allowed the exemption to be claimed in this circumstance. However, this application of the long-term lodging exemption expands the use of the exemption beyond its presumed original purpose of providing equal tax treatment for persons who enter into residential leases of 30 days or more and persons who stay for more than 30 days in lodgings that are typically used for short-term stays.

(d) The department of revenue does not collect data specifically for the long-term lodging exemption.

(2) Therefore, it is the intent of the general assembly to simplify the collection and administration of taxes for the state of Colorado and to relieve taxpayers' confusion and vendors' administrative burdens by repealing tax expenditures that are not meeting their original purpose and which are not tracked by the department of revenue.

**SECTION 2.** In Colorado Revised Statutes, 39-26-704, **amend** (3) as follows:

**39-26-704. Miscellaneous sales tax exemptions - governmental entities - hotel residents - schools - exchange of property.** (3) (a) There shall be exempt from taxation under the provisions of part 1 of this article 26 all sales and purchases of commodities and services under the provisions of section 39-26-102 (11) to any ~~occupant~~ NATURAL PERSON who is a permanent resident of any hotel, apartment hotel, lodging house, motor hotel, guesthouse, guest ranch, trailer coach, mobile home, auto camp, or trailer court or park and who enters into or has entered into a written agreement for occupancy of a room or accommodations for a period of at least thirty consecutive days during the calendar year or preceding year.


(b) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, ON OR AFTER JANUARY 1, 2021, FOR ANY LOCAL GOVERNMENT OR POLITICAL SUBDIVISION OF THE STATE THAT LEVIES A SALES OR USE TAX BASED ON THE SALES OR USE TAX LEVIED BY THE STATE PURSUANT TO THIS ARTICLE 26, ALL SALES AND PURCHASES OF COMMODITIES AND SERVICES UNDER THE PROVISIONS OF SECTION 39-26-102 (11) TO ANY OCCUPANT WHO IS A PERMANENT RESIDENT OF ANY HOTEL, APARTMENT HOTEL, LODGING HOUSE, MOTOR HOTEL, GUESTHOUSE, GUEST RANCH, TRAILER COACH, MOBILE HOME, AUTO CAMP, OR TRAILER COURT OR PARK AND WHO ENTERS INTO OR HAS

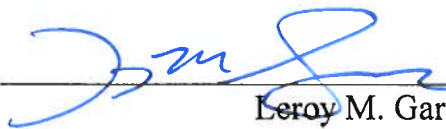
ENTERED INTO A WRITTEN AGREEMENT FOR OCCUPANCY OF A ROOM OR ACCOMMODATIONS FOR A PERIOD OF AT LEAST THIRTY CONSECUTIVE DAYS DURING THE CALENDAR YEAR OR PRECEDING CALENDAR YEAR SHALL BE EXEMPT FROM THE SALES OR USE TAX OF SUCH LOCAL GOVERNMENT OR POLITICAL SUBDIVISION, UNLESS THE LOCAL GOVERNMENT OR POLITICAL SUBDIVISION EXPRESSLY SUBJECTS SUCH SALE TO ITS SALES OR USE TAX FOR THE APPLICABLE PERIOD AT THE TIME OF ADOPTION OF ITS INITIAL SALES OR USE TAX ORDINANCE OR RESOLUTION OR SUBSEQUENT AMENDMENT THERETO.


**SECTION 3. Act subject to petition - effective date - applicability.** (1) This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 5, 2020, if adjournment sine die is on May 6, 2020); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be

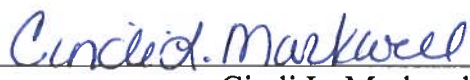
held in November 2020 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

(2) This act applies to sales taxes levied on or after January 1, 2021.

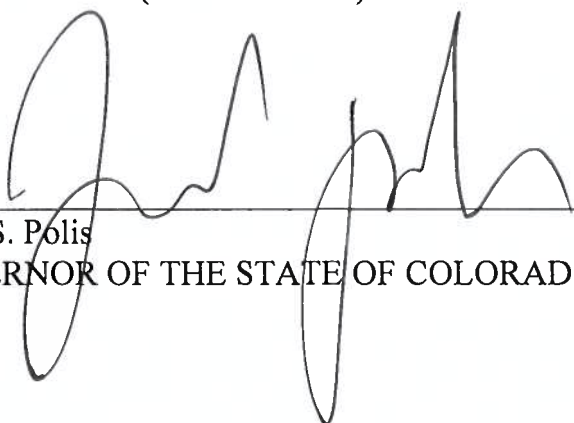
  
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KC Becker  
SPEAKER OF THE HOUSE  
OF REPRESENTATIVES

  
\_\_\_\_\_  
Leroy M. Garcia  
PRESIDENT OF  
THE SENATE

  
\_\_\_\_\_  
Robin Jones  
CHIEF CLERK OF THE HOUSE  
OF REPRESENTATIVES

  
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Cindi L. Markwell  
SECRETARY OF  
THE SENATE

APPROVED March 20, 2020 at 12:51pm  
(Date and Time)

  
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Jared S. Polis  
GOVERNOR OF THE STATE OF COLORADO