



# CITY OF THORNTON TAX INFORMATION - LODGING INDUSTRY

Sales & Use Tax Division  
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## LODGING TAX

The City of Thornton imposes a 7% lodging tax on accommodation rentals of less than 30 consecutive days. Lodging vendors collect the City lodging tax instead of the City sales tax for room rentals.

Examples of accommodations subject to the City lodging tax include sleeping rooms, meeting rooms, banquet rooms, display rooms, camps, trailer courts or parks, or any public space. Meeting and banquet rooms are not subject to the State, RTD, CD or County sales tax (see State publication *Sales FYI 33*).

Vendors engaged in the lodging business in the City of Thornton are required to collect tax as follows:

*Combined Rate (excluding meeting and banquet rooms):*

State	2.90%
RTD/CD	1.10%
County	<u>0.75%</u>
	4.75% (Remitted to the State)

City Lodging	<u>7.00%</u> (Remitted to the City)
	11.75%

*City Rate (for meeting and banquet rooms):*

City Lodging	7.00% (Remitted to the City)
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Mandatory gratuities, pet fees, smoking fees, cleaning fees and other similar fees charged to a guest as a condition of the room agreement and no-show charges are considered lodging charges and are subject to the lodging tax.

New lodging businesses are required to complete a business license application prior to beginning operations. Upon approval, the City will issue two licenses: one for lodging operations and one for sales & use tax purposes.

Items sold to a guest are subject to the City 3.75% sales tax. Reference the following *Sales Tax* section for additional information.

Complimentary toiletries or other items provided for guests or used by the lodging facility are subject to the City of Thornton 3.75% tax. If the City of Thornton's 3.75% sales tax is not paid on these items at the time the items are purchased, then the items are subject to use tax. Please see the following *Use Tax* section for additional information.

## Resale Transactions

Lodging facilities located in the City who sell accommodation rentals to travel agencies or on-line vendors must collect City lodging tax from the travel agency or on-line vendor at the time of the sale, even if the travel agency or on-line vendor is reselling all or any part of the accommodation rental.

## Governmental & Charitable Organizations

When making tax exempt sales to governmental and charitable organizations, lodging facilities must maintain the following records to support the sale:

- *A copy of the State of Colorado tax exempt license or license number.*

Customers located in the City who claim a tax exemption need to provide proof of exemption from the City of Thornton sales tax division.

If adequate records are not maintained, the lodging facility will be liable for the City lodging tax that should have been collected.

If there is any question of whether a transaction is taxable, the lodging facility must collect tax and the organization may

request a refund of the disputed tax from the City.

### 30 Day Exemption

Accommodation rentals of 30 or more consecutive days are not subject to the City lodging tax. To qualify for the exemption the resident must, prior to occupancy, sign a written agreement for the consecutive lodging and must actually rent the room for at least 30 days. The lodging facility must maintain a copy of the Lodging Agreement to support the exemption.

### Combined Sales of Lodging and Tangible Personal Property

If room rentals and tangible personal property are combined into one package price, the full selling price is subject to City lodging tax.

**Example:** ABC Hotel offers a wedding package for \$50 per guest that includes the room rental, food, beverages, tables, chairs, centerpieces, linens and all labor. Because the bundled charge includes the room rental, the full \$50 per guest is subject to the City 7% lodging tax. However, if ABC Hotel charges \$1,000 for the room rental and \$35 per guest for the remaining items, the \$1,000 charge would be subject to the City 7% lodging tax and the \$35 per guest charge would be subject to the City 3.75% sales tax.

The State of Colorado's rules regarding bundled billing of charges may vary from the City of Thornton rules. For questions about the State of Colorado sales tax, you may contact the State Department of Revenue at 303-238-7378 or visit [www.taxcolorado.com](http://www.taxcolorado.com).

### SALES TAX

In addition to accommodation rentals, lodging vendors may sell items and services that are subject to City of Thornton sales tax. The total combined sales tax rate in the City is 8.5% and is remitted as follows:

#### Combined rate:

State	2.90%
RTD/CD	1.10%
County	<u>0.75%</u>
	4.75% (Remitted to the State)
Thornton	<u>3.75%</u> (Remitted to the City)
	8.50%

### What is subject to sales tax?

Following are examples of items commonly sold by the lodging industry that are subject to City of Thornton sales tax:

- Alcoholic beverages, cover charges and vending machine sales (tax may be included in the selling price)
- Mandatory gratuities and in-room food service fees
- Banquet equipment rentals (e.g. tables, chairs, linens, A/V equipment, etc.)
- Fees for recreational activities (e.g. pool fees, etc.)
- Restaurant food and box lunches
- Coin or Credit operated laundry machines, video games, pool tables, etc.
- Room related charges and fees such as:
  - Local and long distance telephone charges
  - Internet Access
  - Movie and video game rental charges
  - Copies and faxes
  - Bottled water & mini-bar items
  - Charges for extra beds, refrigerators, etc.

This list is not inclusive and there may be other items sold by lodging vendors that are subject to City sales tax. Contact the City with any questions about taxability.

### USE TAX

Items used by lodging vendors and not sold to customers are subject to the City of Thornton 3.75% sales/use tax. Use tax is paid directly to the City by the lodging vendor when city sales tax is not charged on purchase invoices.

**Example:** If ABC Hotel purchases a new printer at a local Thornton office

supply store for use in the business, ABC Hotel will pay City of Thornton sales tax to the office supply store on the purchase and no additional use tax will be due. However, if ABC Hotel purchases the printer on-line and does not pay City sales tax, ABC would need to report use tax to the City.

### **What is subject to use tax?**

All tangible personal property is subject to tax unless specifically exempted by the Code. Following are examples of items commonly used by lodging facilities that are subject to City of Thornton sales/use tax:

- Furniture, fixtures and appliances
- Towels and linens
- Printed forms and advertising materials
- Key cards
- Software and software licenses
- Maintenance agreements (30% of cost is taxable)
- Pool chemicals and supplies
- Maintenance and housekeeping supplies
- Complimentary items given to guests, including:
  - Food (breakfast, cookies, candy, etc.)
  - In room consumables such as shampoo/conditioner, lotion, shower caps, shoe shine cloths, mouth wash, tissue, toilet tissue, soap and laundry bags
  - In-Room food & food related items such as coffee, tea, sugar, creamer, coffee cups, and stir sticks

Generally labor is exempt from City tax; however, some services are subject to City tax. Taxable services commonly used by the lodging industry include:

- Voice and data telecommunications service, including Internet access
- Gas & electric utilities
- Security & sound system services
- Linen services (not including dry cleaning)
- Cable television service

These lists are not inclusive and there may be other items used by lodging vendors that are subject to City sales/use tax. Contact the City with any questions about taxability.

## **ADDITIONAL INFORMATION**

Any vendor that distributes complimentary materials to a facility in the City of Thornton needs to be licensed with the City of Thornton. This includes travel brochures, cable guides, real estate guides, local magazines, restaurant guides, coupon books, phone directories, maps, samples, etc.

## **TAXPAYER ASSISTANCE**

The City of Thornton provides the following resources to answer your tax questions:

1. Thornton Municipal Code – This document establishes the tax laws of the City. This document is available on the website [www.cityofthornton.net](http://www.cityofthornton.net) or you may request a copy by contacting the Sales Tax Division.
2. Determinations – Upon written request, the Finance Director will provide a determination on how City taxes apply in specific circumstances.
3. City Personnel – Staff are available Monday through Friday, 8:00 a.m. to 5:00 p.m. either by phone or in person. It is recommended that you call in advance to ensure a tax representative will be available for assistance. The phone number is 303-538-7400.
4. Free Workshops - Thornton's Tax Staff offer free Sales & Use Tax workshops periodically throughout the year. Please contact the Sales Tax Division at 303-538-7400 to find out when the next workshop will be offered.

**Disclaimer:** Nothing herein is intended to supersede, replace or constitute an addition to any provisions of the City's Sales and Use Tax Code. The information provided is intended to be a general overview. Because commercial situations vary and this guide cannot contemplate all such variations, any questions regarding taxability in a particular circumstance should be directed to the City's Finance Department.