

## Regional Tourism Act (RTA)

### Purpose

The Regional Tourism Act creates a mechanism for a local government to undertake a regional tourism project to attract out-of-state visitors, to create a regional tourism zone in which the project will be built, and to create a regional tourism authority (or to designate other financing entities) with the power to receive and utilize the increment of revenues derived from the state sales tax collected in the zone, that is above a designated base amount, to be used to finance eligible improvements to the project.

### The State's Role

The Colorado Office of Economic Development and International Trade (OEDIT) provides administrative support for the Colorado Economic Development Commission (EDC). The EDC has oversight authority for this program. A local community should work with OEDIT to determine application requirements and deadlines to submit completed applications for review by OEDIT. The Business Funding and Incentives Staff will facilitate the application review process, application presentation with structuring recommendations to the EDC, resolution drafting and project monitoring.

### Requirements

- The EDC shall not approve any project that would likely create an annual state sales tax revenue dedication of more than \$50 million to all regional tourism projects.
- The EDC cannot initially approve more than two projects. Once the EDC approves two initial projects, the EDC may approve two additional projects during the next calendar year. Once the EDC approves two additional projects, the EDC may approve two additional projects during the following calendar year.
- The EDC will:
  - Review applications forwarded with OEDIT recommendations and may approve or reject the project based on a demonstration that the following criteria are materially met:
    - The project is of an extraordinary/unique nature and is reasonably anticipated to contribute significantly to economic development and tourism in the state and communities where the project is located.
    - The project is reasonably anticipated to result in a substantial increase in out-of-state tourism.
    - A significant portion of sales tax revenue generated by the project is reasonably anticipated to be attributable to transactions with nonresidents of the zone.
    - The local government has provided reliable economic data demonstrating that in the absence of state sales tax increment revenue, the project is not reasonably anticipated to be developed within the foreseeable future.
  - Adopt a resolution for approved applications specifying the following:
    - The local government approved to undertake a regional tourism project.
    - The area of the regional tourism zone.
    - Requested by the local government, authorize the creation of an authority to receive and spend state sales tax increment revenue.
    - The percentage of the state sales tax increment revenue that will be dedicated to the project.
    - Authorize the collection and use of the state sales tax increment revenue for a designated number of years.
    - Authorize the utilization of the state sales tax increment revenue by the financing entity pursuant to the RTA and conditions of approval determined by the EDC.
    - Appoint board members to the approved authority when applicable.

- Have the ability to revoke or modify its approval of a project if substantial work on the project does not commence within five years of approval by the EDC.
- Other terms and conditions required by the EDC.

## Process

A local government will need to submit a regional tourism project application to OEDIT within the application cycle deadline. OEDIT will review the application for general completeness and to make an initial determination regarding whether the application has met the general criteria for a regional tourism project. An economic review and report on the application will be completed by an independent Third Party Analyst hired by the Office of State Planning and Budgeting. Applications will be forwarded to any county or counties and adjacent municipalities where the project will be implemented for an opportunity to review the application and submit comments to the EDC within 30 days prior to the scheduled EDC meeting. The EDC will make final approval or denial determinations.