



## MEMORANDUM

**Date:** October 9, 2018  
**To:** Let's Go, Colorado  
**From:** Patricia Silverstein, Development Research Partners  
**RE:** Out-of-State Visitor Share of 0.62 Percent Sales Tax Revenue

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In 2017, Colorado welcomed 84.7 million visitors, consisting of 37.9 overnight visitors and 46.8 million day visitors. About 47 percent of these visitors (39.7 million) are from out-of-state, while the other 53 percent are Colorado residents taking business and pleasure trips within the state.

These visitors spent \$18.8 billion in the state in 2017, consisting of \$15.3 billion spent by overnight visitors and \$3.5 billion spent by day visitors. The out-of-state visitors tend to spend significantly more money on their travel than in-state residents, estimated to be about \$13 billion or 69 percent of the total visitor spending.

The out-of-state visitors spend their dollars on accommodations, transportation (including car rentals, auto repairs, gasoline, and transportation fares), food and beverages, recreation, and other retail purchases. Based on estimated visitor spending patterns for the type of trip, the out-of-state visitor spending represented nearly 18 percent of total retail trade, accommodations, and restaurant and bar spending in the state in 2017.

However, not all of these items are subject to the state sales tax. For example, auto repair labor, gasoline, and food purchases from grocery stores are exempt from the state sales tax. Using a conservative estimate of spending on taxable items, out-of-state visitors would contribute approximately 10.5 percent of the state sales tax revenue associated with a 0.62 percent tax rate. If out-of-state visitor spending is more heavily weighted to taxable items (for example, more restaurant meals than food purchased in grocery stores), out-of-state visitors would contribute about 12 percent of the state sales tax revenue associated with a 0.62 percent tax rate.

The Colorado Legislative Council estimates that a 0.62 percent state sales tax rate will generate \$766.7 million in Fiscal Year 2019-20. This means that out-of-state visitor sales tax revenue, which is estimated to be 10.5 percent to 12 percent of the total state sales tax revenue, would total between \$80.5 million to \$92 million in FY 2019-20.

This analysis specifically assumes that the out-of-state visitor spending patterns that occurred in 2017 are a reasonable estimate of future out-of-state visitor spending patterns. Further, it assumes no changes to the 2017 state sales tax base.

*Sources: Longwoods International, Colorado Travel Year 2017 Final Report, June 2018; Colorado Department of Revenue, Colorado Retail Sales and Sales Tax Summaries, 2015; Colorado Legislative Council, Economic and Revenue Forecast, June 2018; Colorado Legislative Council, "Initial Fiscal Impact Statement, Initiative #153," March 20, 2018.*