



## **Business and Sales Tax License Policy for Festival Events** Effective March 11, 2024

### **Purpose:**

Chapter 6, Article 1 of the Telluride Municipal Code (“TMC”) sets forth the requirement that all persons doing business in the Town obtain a business license and pay an annual business license fee. The purpose of this Policy is to clarify these requirements for organizers of Festival Events and their vendors who may only be doing business in Town incidentally but who hold a state standard retail license, and to reconcile the Town’s requirements with the mandates of Colorado Senate Bill 22-032.

### **Administrative Authority:**

Adopted by the Town Clerk pursuant to TMC § 6-1-60(c) which allows the Town Clerk to promulgate and enforce all reasonable rules and regulation necessary to the operation and enforcement of Chapter 6, Article 1 Business Licenses. This Policy supersedes Business License Policy of 06/98 updated 4/5/05, and Business License Policy 2013-02.

### **What is a Festival Event?**

Festival events are occasional events that bring unique social and financial benefits to the Telluride community, and are regulated by Chapter 11, Article 4 of the TMC. Organizers of festival events or vendors participating in festival events may be required to obtain a Town of Telluride business license, a sales tax license, or both a business license and a sales tax license as set forth in this Policy for “doing business” in the Town.

### **Town of Telluride Sales Tax License Requirements:**

All organizers of festival events, and all vendors participating in festival events where vending is conducted by vendors who do not hold a current Town of Telluride business license, must obtain a sales tax license. In addition, the festival event organizer will be responsible for filing and remitting taxes on behalf of all unlicensed Town of Telluride vendors. Reporting of gross sales, taxable sales and Town of Telluride taxes remitted must be provided to the Town of Telluride Finance Department at the time of filing. In some instances, festival event organizers may be required by contract to file on behalf of all vendors, licensed and unlicensed in the Town of Telluride.

### **Town of Telluride Business License Requirements:**

Festival event organizers of festivals which require physical presence of employees, vendors or subcontractors of the organization for more than four (4) days annually (including pre-event meetings, setup, and teardown) must obtain a Town of Telluride business license. The only exception to this requirement is for nonprofit organizers of such festivals with no vending or subcontracted activity, or with vending and subcontracted activity only by vendors holding current Town of Telluride business licenses. For a festival event organized by a nonprofit organization with vendors or subcontractors that do not hold current Town of Telluride business licenses, the nonprofit organizer must purchase a business license to cover all employees of unlicensed vendors and subcontractors working in the Town of Telluride.

Pursuant to TMC § 6-1-20(9), commercial business license fees are determined by the number of full-time and part-time year-round paid personnel working in Telluride. Part-time employees are calculated at up to 1040 hours of work annually by an individual, and full-time employees are determined by any amount over 1040 hours of work by an individual for the licensee annually. When aggregating hours for multiple employees as set forth below, hours over 2080 will constitute a new part-time or full-time employee.

Organizers of festival events must include an additional employee count based on an estimate of the cumulative hours to be worked by temporary paid staff of the organization and hours to be worked by vendors and subcontractors of the event who do not hold a current Telluride business license.

For example:

A for-profit organization's three (3) administrators who each work year-round part-time (less than 1040 hours annually) and one (1) promoter who works full-time (over 1040 hours annually) is equivalent to 2.5 employees.

Twenty-five (25) temporary paid staff each work eight (8) hours for three (3) days supporting the event for a total of 600 cumulative hours is equivalent to .5 employees (less than 1040 hours annually).

Twenty (20) vendors and contractors unlicensed in Telluride have three (3) employees each who work twelve (12) hours for three (3) days supporting the event for a total of 2160 hours which is equivalent to 1.5 employees (over 2080 hours annually).

The total employee count for purposes of determining the Telluride business license fee is the total of year-round employees plus the cumulative total of temporary staff and subcontractors:

1 full-time and 3 part-time year-round employees <sup>1</sup>	=	2.5 employees
+ 600 temp staff hours plus 2160 contractor/vendor hours	=	1.5 employees
<u>(2760 cumulative hours worked, 2080 hours considered full-time)</u>		
<b>Total employees to report for Business License fee calculation</b>	<b>=</b>	<b>4.0 employees</b>

Year-round and temporary paid staff of *nonprofit organizations* organizing a festival event, festival event volunteers, as well as performers who are intrinsic to the festival event, are not included in the determination of employee counts. Event vendors and subcontractors not holding a Town of Telluride business license must be included in the employee count.

Signed under the authority of the Town Clerk:

  
\_\_\_\_\_  
Tiffany Kavanaugh, Town Clerk

3/11/2024  
\_\_\_\_\_  
Date

<sup>1</sup> If the hosting organization is a nonprofit, the organization's year-round and temporary paid staff would not be included. The number of employees for purposes of calculating the business license fee for the nonprofit in this example would be 1.5 employees.