Frias PROPERTIES OF ASPEN

August 26, 2022

Aspen City Council,

We hope you will consider our arguments against the proposed STR rental sales tax during your discussion on Monday, Aug. 29. We, along with the other local condominium managers, have been meeting regularly to discuss this issue and are fully in support of helping the city combat the negative impacts from growth. However, we don't believe the City Council is properly determining the cause of these growth issues nor creating a fair or sustainable solution.

Your solution is to tax a small segment of the local economy while ignoring the new STR operators who are the source of the negative impacts. As an example, we would ask you to consider the effect a 13% additional sales tax has on a middle-class family renting a core condominium versus a family spending 5 to 10 times more on a luxury fractional or home rental.

The family spending exponentially more can more easily absorb the additional cost and will still come and consume significantly more goods and services, while the middle-class family likely will consider alternative resorts and not come at all. So how can you justify overtaxing the middle-class family and not the wealthier family in your proposed solution? Moreover, this solution omits taxation of the truly impactful people: local property owners, their guests, or long-term tenants (30+ days).

We hope you will consider this suggestion: raise the gross sales tax on all taxable sales by 2%. At the same time, we suggest you refund locals some amount to offset this extra cost, similar to the way you operate the food-tax refund. This solution distributes the burden throughout the entire economy, sharing the resolution for the negative impacts of growth. In 2021 according to your tax collection reports, the City of Aspen collected $28 million from 4.4% of the local sales tax, so 2% should generate over $10 million.

We have attached a list of Aspen's historic condominium rental buildings with the number of units, the total STR permits, and the age of the buildings. This shows the long history of value these rental properties have contributed to the Aspen community via sales taxes, jobs, and tourism vitality. Note the number of current STRs versus the historic number – there is not much variance to show growth.

As you review this list, know that this is the group of owners, employees, and businesses who you are unfairly penalizing through a selective tax. The demand for services is not limited to the STR economy; many businesses in the retail, restaurant, sporting, health care, and construction industries are recent additions to the local economy. These other industries make up 75% of the taxable community sales and are contributing to the demand for services, yet those business owners and patrons would pay nothing under your proposal.

We have also attached a color-coded map showing locations of STR-Classic buildings, STR-LE buildings, and hotels. It's unfair to tax buildings providing similar services in similar locations differently, and we don't think that's a sustainable solution to the community's problems.

Let's work together to create a fair and sustainable plan to mitigate the community's growth impacts.

Sincerely,

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| Chuck Frias | Tim Clark | Ben Wolff |
| Managing Partner | Managing Partner | General Manager |