City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date:	July 23, 2026	Staff Member/Dept:	Jade Riley – Administration

Agenda Item:	Recommendation to conduct first reading by title only of Ordinance 1282, authorizing a special election in November related to original Local Option Tax.

Recommended Motion:

"I move to conduct first reading by title only of Ordinance 1282, authorizing a special election in November related original Local Option Tax."

Background:

- In February, the Council supported holding a November 2026 election where voters will be asked to reauthorize the Original Local Option Tax. In addition to re-authorization of the LOT, the Council supported exploring with the public an increasing the tax on "Lodging" and included "services" that are currently taxed by the State of Idaho to address current and long-term funding gap for the Capital Improvement Plan. Ultimately, the City Council determined the new proposed tax increases were as follows: 2% increase on hotel/short-term lodging, one-half percent (.5) increase to retail and one-half percent (.5) increase to building materials.

- The Council continued to adjust the potential tax increases at the following meetings as well as taking robust public testimony:
    - May 28, June 11, and June 25

- The following public engagement opportunities occurred as the options were explored:
    - June 8, 9, 10 – 'Pop-ups' at Town Square, Post Office and Forest Service Park
    - June 29 – survey launch
    - July 7 – Coffee Talk
    - July 9 – KBAC
    - July 13 – Q&A session at City Hall

- Final proposed ballot language:
  "Shall the City of Ketchum adopt Ordinance No. 1282 to renew and continue the City's existing local option non-property taxes for an additional fifteen (15) years, beginning January 1, 2027, and ending December 31, 2041, and increase the percentages of the following:
    - *hotel-motel room occupancy, including short-term rentals of thirty (30) days or less, by an additional two percent (2%), increasing the total rate from two percent (2%) to four percent (4%); and*
    - *building materials sales by an additional one-half percent (0.5%), increasing the total rate from one percent (1%) to one and one-half percent (1.5%); and*

○ *other taxable retail sales, excluding groceries and fuel, by an additional one-half percent (0.5%), increasing the total rate from one percent (1%) to one and one-half percent (1.5%)?* *All revenues generated by the additional tax-rate increases described above shall be used solely for the maintenance, repair, and construction of city streets, sidewalks, and pathways. Revenues generated by the existing local option tax rates shall remain available for the purposes previously approved by Ketchum voters."* ☐ IN FAVOR ☐ AGAINST

Sustainability Impact:

No direct impact.

Financial Impact:

None OR Adequate funds exist in account:	Failure to re-authorize the Local Option Tax would have significant impact to police, Mountain Rides and Wagon Days as they are directly funded by LOT. The proposed increase in taxation would address the current significant funding deficiency (approx. $2.0m) for streets maintenance/repair.

Attachments:

1. (draft) Ordinance 1282
2. Survey results will be added after closing on July 23 (now included)

CITY OF KETCHUM

ORDINANCE NO. 1282

AN ORDINANCE OF THE CITY OF KETCHUM, IDAHO, AMENDING ORDINANCE 712, AS PREVIOUSLY AMENDED, WHICH PROVIDES FOR THE IMPOSITION OF LOCAL OPTION TAXES (LOT); PROVIDING FOR A BALLOT; RENEWING THE COLLECTION OF LOCAL OPTION TAXES FOR AN ADDITIONAL FIFTEEN YEARS BEGINNING JANUARY 1, 2027, AND ENDING DECEMBER 31, 2041; INCREASING CERTAIN LOT RATES AND DESIGNATING SUCH INCREASES TO MAINTENANCE, REPAIR, AND CONSTRUCTION OF STREETS, SIDEWALKS, AND PATHWAYS; PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR PUBLICATION; PROVIDING A REPEALER CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Ketchum is authorized to collect certain local option taxes (LOT) pursuant to Ordinance 712, as amended by Ordinances 1090, 1097, and 1108 (collectively, the "City LOT Ordinance").

WHEREAS, the Mayor and City Council of the City of Ketchum, based upon evidence presented, find that the City is a resort city within the meaning of Idaho Code § 50-1044, in that its population does not exceed ten thousand (10,000) according to the most recent decennial census and it derives the major portion of its economic well-being from businesses catering to the recreational needs of, and meeting the needs of people traveling to, Ketchum as a destination city for an extended period of time.

WHEREAS, Ordinance 1090 amended Ordinance 712 to authorize the collection of the City LOT through December 31, 2027, and the City of Ketchum desires to replace that authorization, effective January 1, 2027, with a renewed fifteen-year authorization ending December 31, 2041.

WHEREAS, the City of Ketchum has determined it is in the best interests of the public to renew the collection of LOT for an additional fifteen (15) years, beginning January 1, 2027, and ending December 31, 2041, subject to approval by the registered voters of the City of Ketchum as provided by law.

WHEREAS, the City of Ketchum has determined it is in the best interests of the public to increase certain of the current rates of LOT and to designate the revenues derived from such increases solely to maintenance, repair, and construction of streets, sidewalks, and pathways.

WHEREAS, this Ordinance is intended to provide only for renewal of the City LOT Ordinance and increases to certain LOT rates, and does not add any additional authorized uses of LOT funds.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF KETCHUM, IDAHO:

SECTION 1. BALLOT. The following ballot shall be submitted to the registered voters of the City of Ketchum at the November 3, 2026 election, and the City LOT Ordinance shall be renewed and further amended as provided if the ballot is approved by at least sixty percent (60%) of the qualified electors voting on the question:

SPECIAL NON-PROPERTY TAX ELECTION

CITY OF KETCHUM

STATE OF IDAHO

NOVEMBER 3, 2026

Local Option Tax

Shall the City of Ketchum adopt Ordinance No. 1282 to renew and continue the City's existing local option non-property taxes for an additional fifteen (15) years, beginning January 1, 2027, and ending December 31, 2041, and increase the percentages of the following:

- hotel-motel room occupancy, including short-term rentals of thirty (30) days or less, by an additional two percent (2%), increasing the total rate from two percent (2%) to four percent (4%); and
- building materials sales by an additional one-half percent (0.5%), increasing the total rate from one percent (1%) to one and one-half percent (1.5%); and
- other taxable retail sales, excluding groceries and fuel, by an additional one-half percent (0.5%), increasing the total rate from one percent (1%) to one and one-half percent (1.5%)?

All revenues generated by the additional tax-rate increases described above shall be used solely for the maintenance, repair, and construction of city streets, sidewalks, and pathways. Revenues generated by the existing local option tax rates shall remain available for the purposes previously approved by Ketchum voters.

IN FAVOR

AGAINST

Ordinance No. 1282 was adopted by the Ketchum City Council on ____________, 2026, but will only be effective upon approval of sixty percent (60%) of the qualified electors that vote on the question.

SECTION 2. RENEWAL AND INCREASE OF LOCAL OPTION TAX RATES.

If approved by at least sixty percent (60%) of the qualified electors of the City of Ketchum voting on the ballot designated above, the City LOT Ordinance is renewed for an additional fifteen (15) years, beginning January 1, 2027, and ending December 31, 2041, and is further amended to increase the following local option nonproperty tax rates, effective January 1, 2027:

- An additional two percent (2%) hotel-motel room occupancy sales tax on receipts from all short-term rental (30 days or less) charges for hotel rooms, motel rooms, condominium units, tourist homes, or other sleeping accommodations or living units, resulting in a total local option tax rate of four percent (4%) on such receipts.

- An additional one-half percent (.5%) building materials sales tax on building supplies and materials, resulting in a total local option tax rate of one and one-half percent (1.5%) on such sales.
- An additional one-half percent (.5%) sales tax on all remaining taxable retail sales not otherwise described in this Section, resulting in a total local option tax rate of one and one-half percent (1.5%) on such sales.

The renewal authorized herein shall supersede and replace the authorization previously granted under Ordinance 1090 with respect to any period on or after January 1, 2027.

The revenues derived from the increases listed in this Section are designated solely to maintenance, repair, and construction of streets, sidewalks, and pathways. Revenues derived from the existing local option tax rates shall remain available for the purposes previously approved by Ketchum voters under the City LOT Ordinance.

This Ordinance does not add any additional authorized uses of LOT funds.

SECTION 3. NON-IMPAIRMENT OF SUPPLEMENTAL LOT. Nothing in this Ordinance amends, extends, terminates, or otherwise affects the supplemental one percent (1%) local option non-property tax separately authorized under Ordinance Nos. 1108, 1166, and 1244, or the allocation of that supplemental tax between air-service support and community housing.

SECTION 4. SEVERABILITY CLAUSE. If any paragraph, part, section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance.

SECTION 5. PUBLICATION. This Ordinance shall be published once in the official newspaper of the City.

SECTION 6. REPEALER CLAUSE. All City code sections, ordinances or resolutions or parts thereof, which are in conflict herewith are hereby repealed.

SECTION 7. EFFECTIVE DATE. This Ordinance shall be in full force and effect on January 1, 2027, after voter approval, passage by City Council and Mayor, and publication according to law.

PASSED BY THE CITY COUNCIL OF THE CITY OF KETCHUM, IDAHO, and approved by the Mayor this _____ day of ____________, 2026.

____
Peter Prekeges, Mayor

ATTEST:

____
Trent Donat
City Clerk

Proposed Original LOT Ballot Language Survey Results

July 23, 2026

PURPOSE AND DISTRIBUTION

PURPOSE

- Introduce the public to the proposed Original LOT ballot language
- Determine if the ballot language was clear
- Understand public awareness regarding implications if it does/doesn't pass
- Learn about what topics the public wants to better understand to make informed decisions on the measure
- Determine the public's preferred method of communication for ballot measure education

Note: we cannot legally ask if survey respondents support the proposed ballot measure

SURVEY DETAILS

When?

- June 29-July 23

Where?

- On the city's website

Access was provided through:

- emails to subscribers;
- paid social media in Ketchum City Limits;
- newspaper articles;
- public presentations; and
- printed materials.

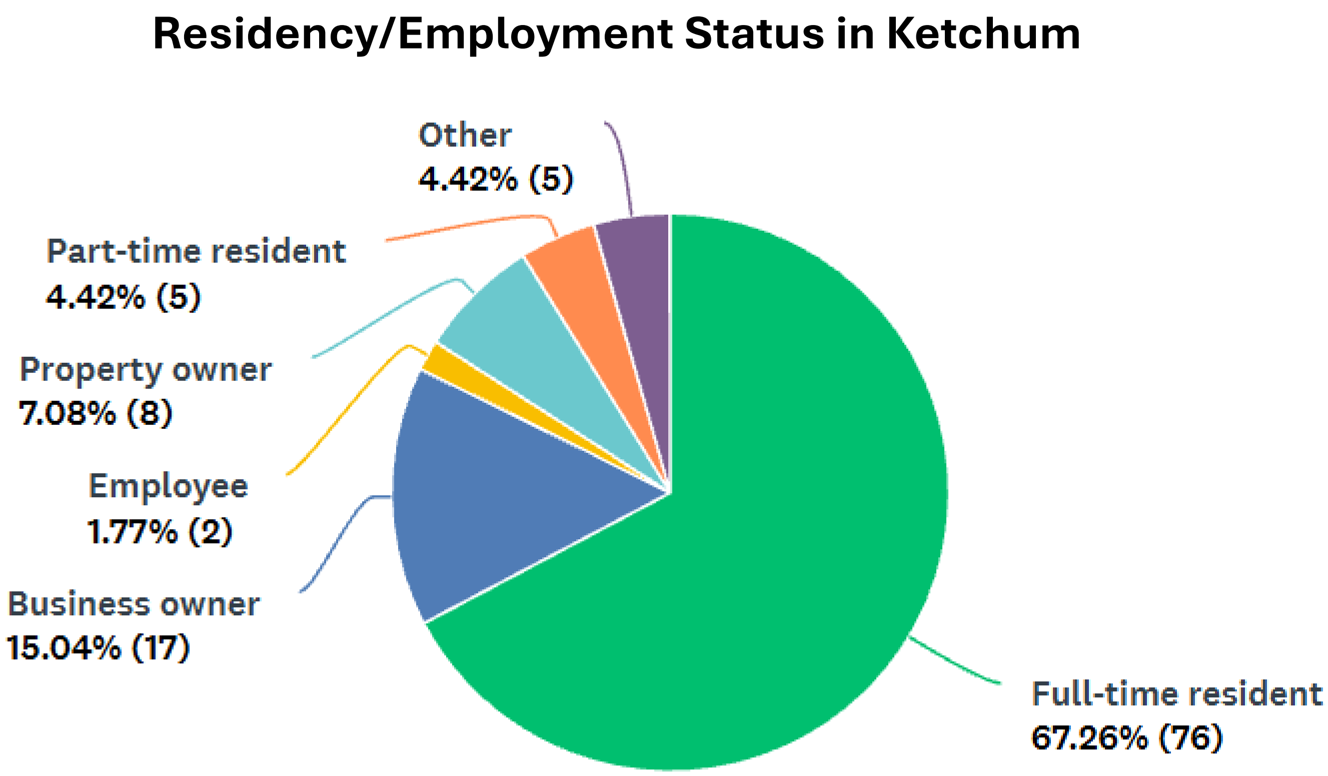
Method

- Multiple-choice and open-ended questions

RESULTS

SURVEY RESPONDENTS

- 133 people participated, primarily full-time Ketchum residents (67.26%)

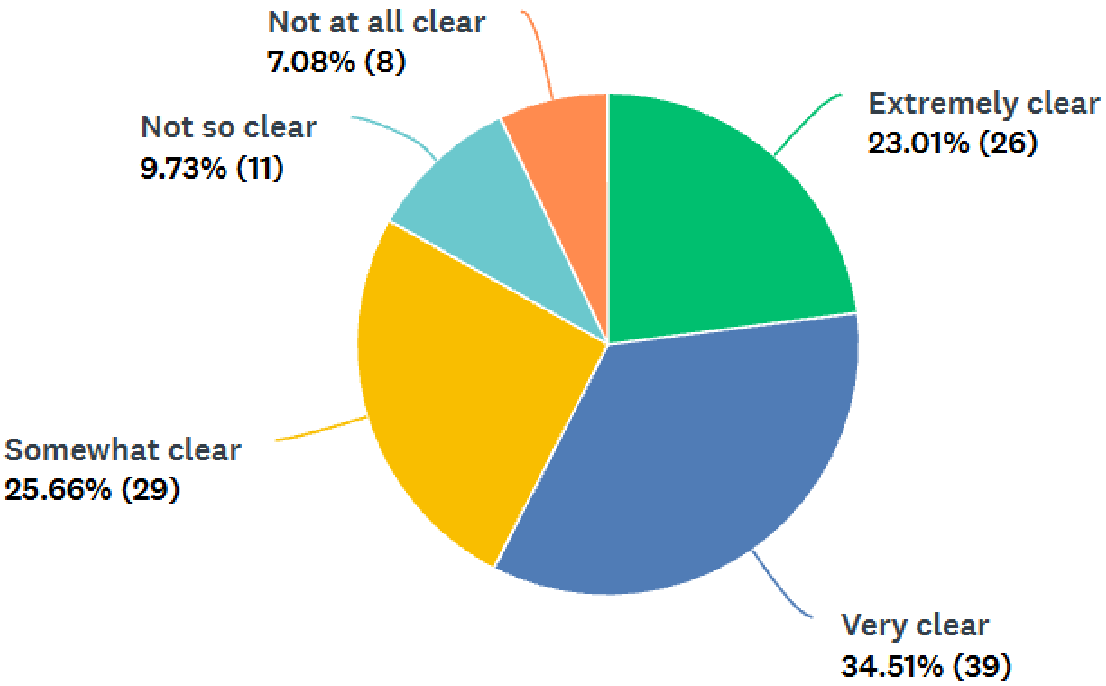


RESULTS

BALLOT LANGUAGE CLARITY

- Most respondents felt like they understood the ballot measure language.

How clear is the draft ballot language?



What would you like clarified (56 respondents)?

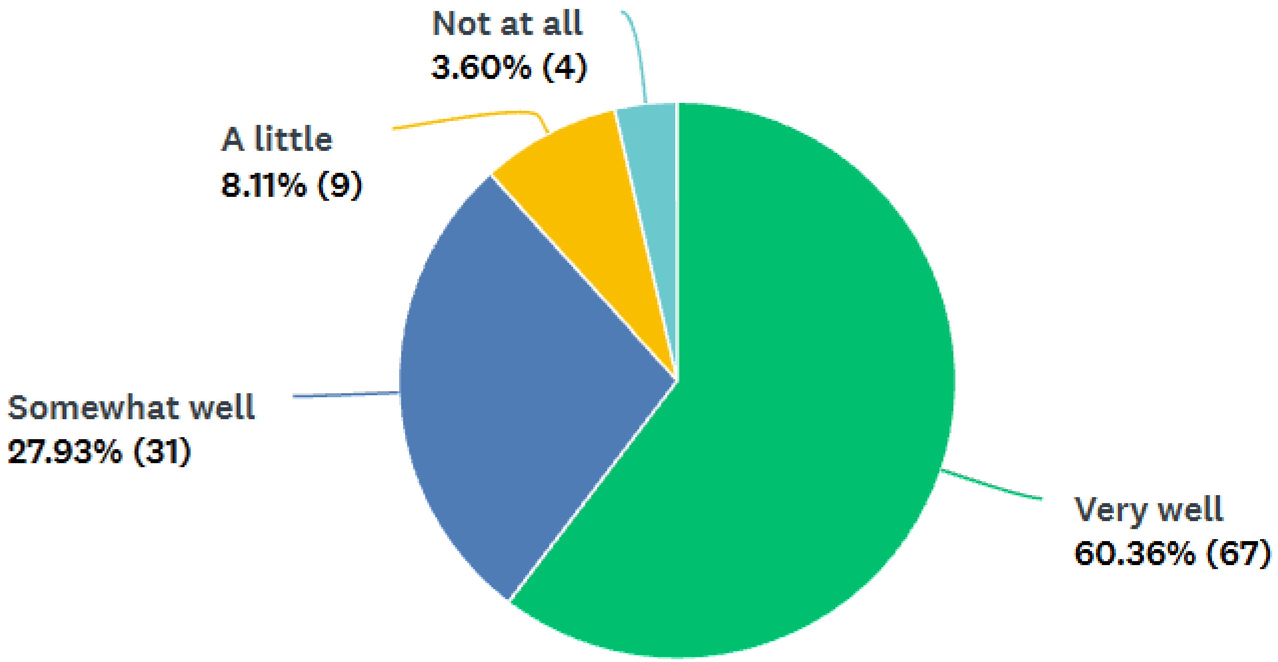
Common Themes	# of Comments
Include the current LOT percentages and the totals, should it pass	15
More education in general is needed	12
Locals should not be taxed	7
Specify what retail purchases are subject to LOT	6
Text formatting was confusing	4

RESULTS

UNDERSTANDING LOT CHANGES

- Most respondents knew very well what would happen if the ballot measure passed.

How well do you feel you understand what the proposed measure would do?



RESULTS

QUESTIONS REGARDING THE BALLOT MEASURE

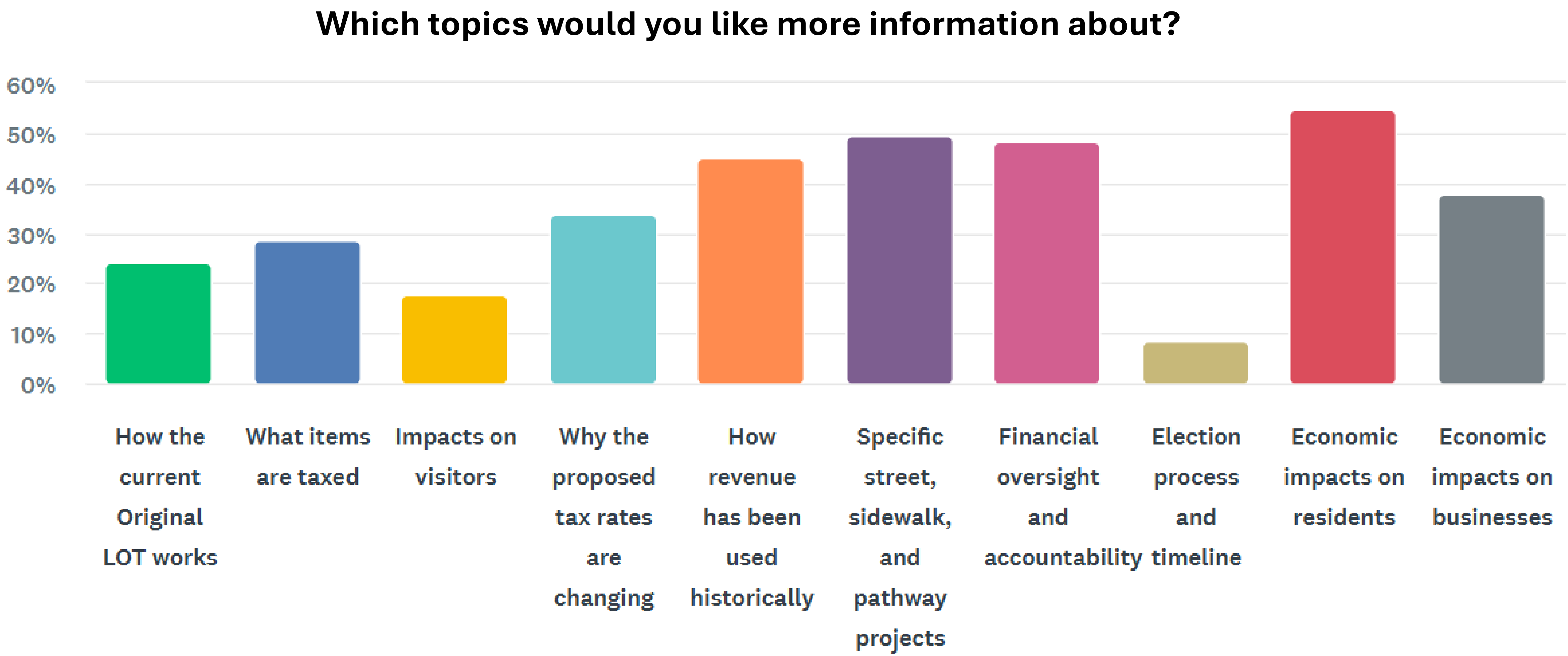
- Less than 50% of total respondents had questions about the ballot measure.
- Out of all those surveyed, about 18% questioned why LOT should be paid by locals at all or if it is needed.

What questions do you have about the proposed ballot measure (55 respondents)?

Common Themes	# of Comments
Why increase taxes on locals?	12
Why can't you reduce spending or find funding elsewhere?	12
Can you be more specific regarding what the new funding would pay for?	8
Will my property taxes be affected if this passes?	4
Why the 15-year duration?	4
Why tax building materials?	4

RESULTS

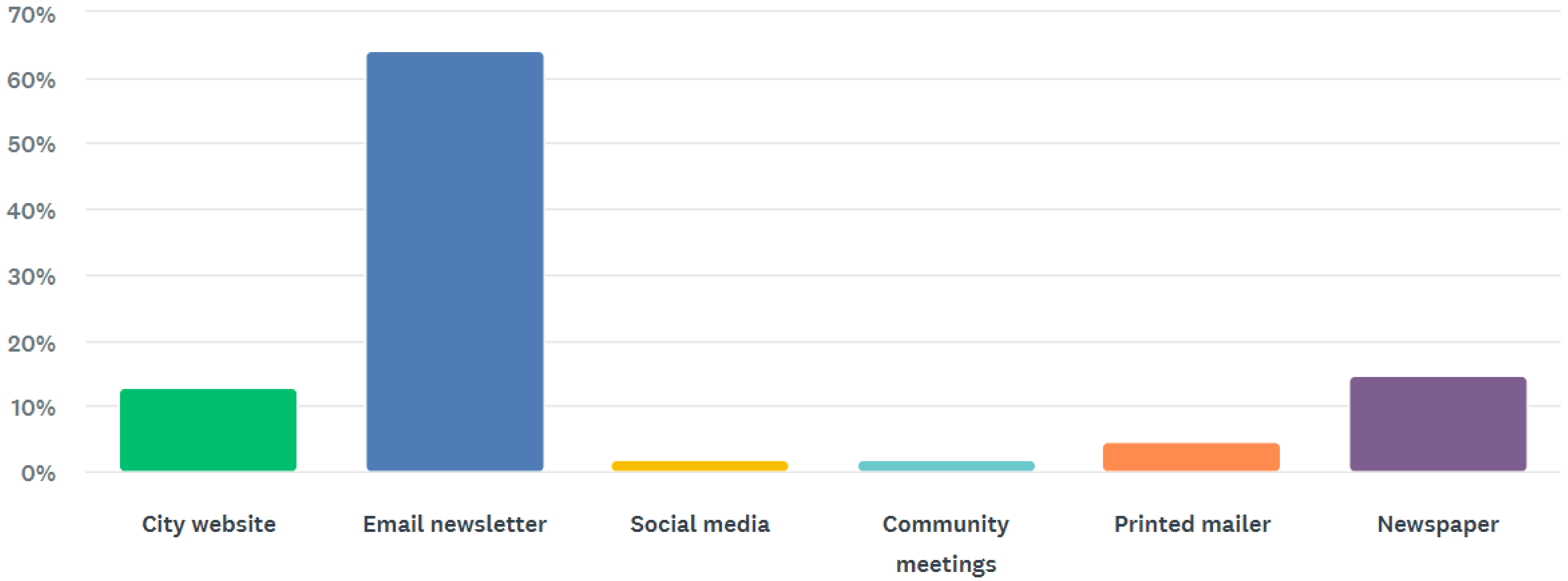
EDUCATION OPPORTUNITIES RELATED TO THE BALLOT MEASURE



RESULTS

PREFERRED EDUCATION METHODS

How would you prefer to receive information about the ballot measure?



Questions?