



Reauthorization of Original Local Option Tax

Total Taxation – “As Is”

Category	Original LOT	Additional 1% (Housing/Air)	State Sales	State Lodging	TOTAL
Retail	1%	1%	6%		8%
Liquor	2%	1%	6%		9%
Building Materials	1%	1%	6%		8%
Lodging	2%	1%	6%	2%	11%



Current LOT Collections

Category	Original LOT		Additional 1% (Housing/Air)	
	Original LOT Current %	Collections	Additional LOT %	Collections
Retail	1%	\$2,240,000	1%	\$2,240,000
Liquor	2%	\$374,000	1%	\$187,000
Building Materials	1%	\$508,000	1%	\$508,000
Lodging	2%	\$820,000	1%	\$410,000
TOTAL		\$3,942,000		\$3,345,000
TOTAL = \$7,287,000				



Original Local Option Tax

QUICK HISTORY

The original Local Option Tax (LOT) became effective on December 15, 1978. Since the original adoption of the LOT, voters have approved or modified the tax in 1979, 1983, 1984, 1988, 1997, and 2011. In 2011, voters approved a new fifteen-year term, with an expiration date of **December 31, 2027**.

THEREFORE

We have two opportunities to present a renewal to the voters:

- November 3, 2026
- May 18, 2027



Original Local Option Tax

OPEN HOUSE FEEDBACK

- Overall strong support for Local Option Taxes
- Concern with the proposed increase to Lodging
 - Price tag concerns
 - Maintaining a competitive market (particularly Sun Valley)
 - Bad timing
- Many were not against a change to Retail and/or Building Materials
 - Even in fractions (0.25 or 0.50%)
- Some reluctance to change liquor by the drink
- “Services” new category had mixed emotions

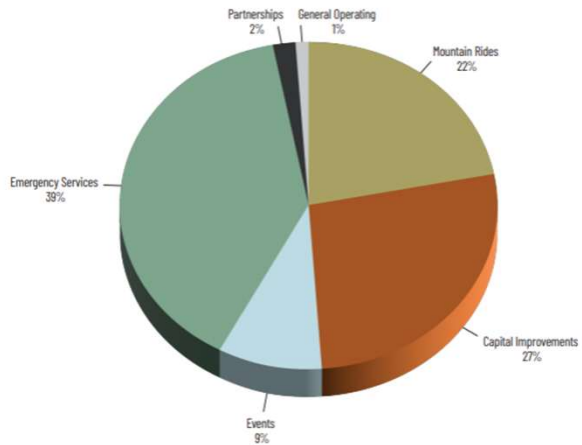
- Overwhelming gratitude for the City’s efforts to share and collect feedback from the community



Why Renew?

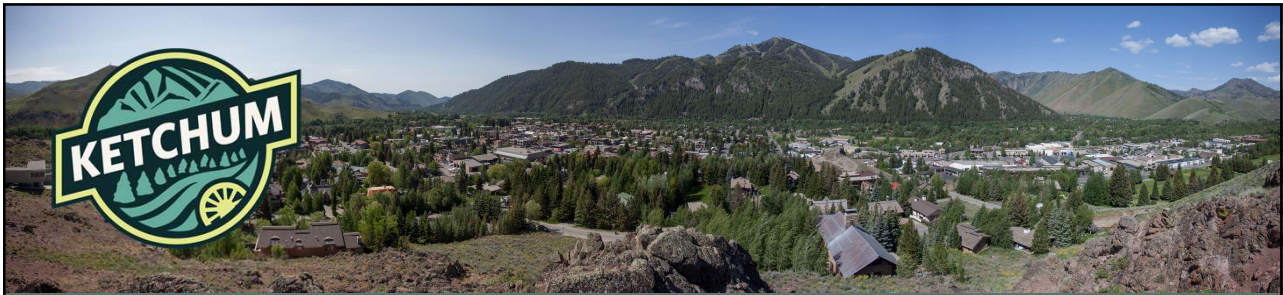
WHAT DOES THE ORIGINAL LOT PROVIDE?

Expense Type	FY 2027 Proposed
Public Safety (Police)	\$1.5M
CIP Funding	\$1.0M
Mountain Rides	\$878k
Events (~65% Wagon Days)	\$345k
Partnerships	\$61k





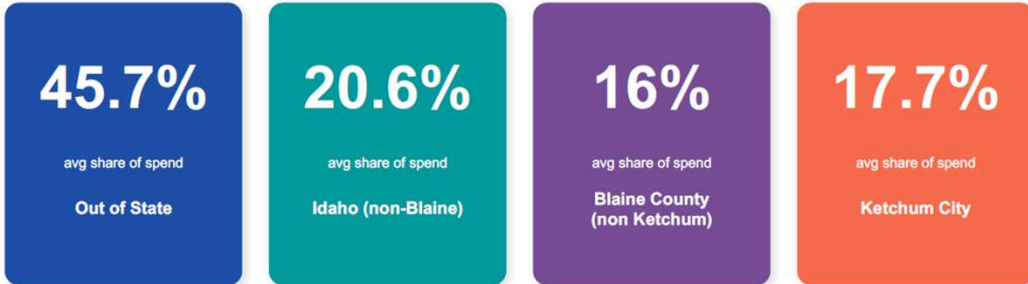
Who Pays LOT?



Zartico Introduction



Overall Spend – All Categories – 3-Year Avg

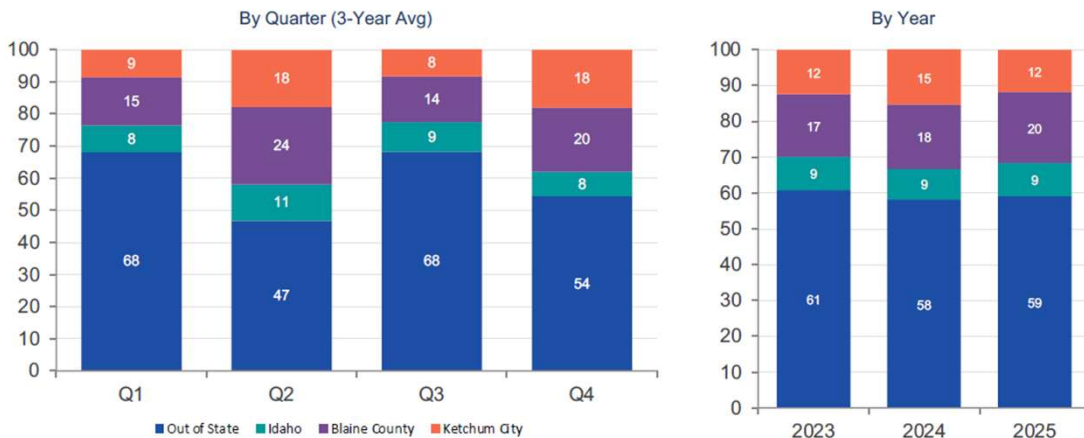


Key Insight: Out-of-state visitors generate the single largest share of consumer spend in Ketchum across all categories; averaging approximately **45.7%** of total transactions. Local Ketchum residents represent **17.7%**, confirming that tourism drives the economic engine of the city's commerce.

Source: Zartico Credit Card Spend Data, 2023–2025, Ketchum ID



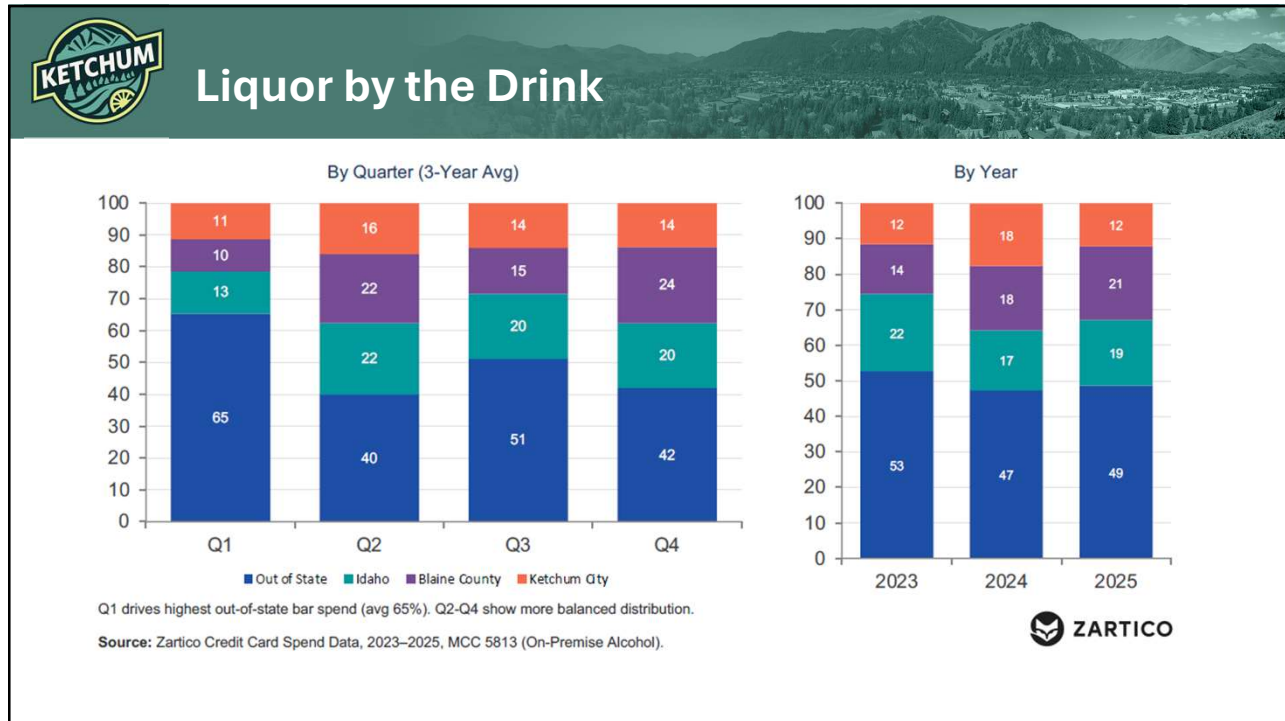
Retail Category



Q3 peaks at 68-69% out-of-state retail share.

Source: Zartico Credit Card Spend Data, 2023–2025, General Retail MCCs.






Why the Proposed Increase?

WHY ASK VOTERS FOR AN INCREASE?

- Capital Funding Deficit - streets
- KURA sunset in FY 2030

ALTERNATIVE FUNDING OPTIONS

- Property Tax increase
 - Requires a vote
 - Full burden on local taxpayer
- GO Bond
 - Requires a vote
 - Full burden on local taxpayer



Percentage Option(s)

Category	Current %	(#1) April proposal		(#2) Other options	
		Proposed % Increase	Financial Impact	Proposed % Increase	Financial Impact
Retail	1%	-	-	.5%	~\$1.1M
Liquor	2%	-	-	-	-
Building Materials	1%	-	-	.5%	~\$254k
Lodging	2%	5%	\$2.0M	2%	~809k
“Services” (new category)	Idea proposed, no amount mentioned		TBD		TBD
TOTAL			>\$2.0M		>~\$2.2M




Other Options/ Pop-Up Feedback



What We Heard? (Pop-Ups)

- 65% support an increase to Retail
- 100% support an increase to Lodging
- 39% support an increase to Liquor
- 70% support an increase to Building Materials

- Most popular exact combination:
 - 0.5% Retail Increase
 - 2.0% Lodging Increase
 - 0.5% Building Materials

- Decent interest in increasing 3 of the 4 categories with Liquor being a love it or hate it situation, no one in the middle.
- 93% of Retail responses were the 0.5% increase
- 78% of lodging feedback was either a 1% or 2% increase, the other 22% were in the 4% category



Ballot Language Questions

Additional language to be added to either option: 'tying' the increase/earnings to CIP spending	
Option #1	Option #2
1. Reauthorize the Original LOT as-is for 15 years and to <u>increase</u> the following categories by X%	1. Reauthorize the Original LOT as-is for 15 years - and - 2. Increase the following categories by X%
Via ONE QUESTION	Via TWO QUESTIONS



Discussion & Next Steps

- June 8-10 LOT 'Pop-Ups'
- Tonight
 - Is there consensus on a small Retail change?
 - Is there consensus on the proposed change to Lodging?
 - Equal increase to Building materials, parity with Retail?
- TBD Town Hall
- June 25 Report feedback; finalize language
- July 8 'Open House' & online survey for feedback
- July 23 1st reading of ballot language
- **ADD: (July 30) or Aug 6** **Special meeting / 2nd reading of ballot language**
- August 13 3rd reading of ballot language
- August 28 Ballot language due to the County