



City of Ketchum

January 17, 2023

Mayor Bradshaw and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

Discussion & First Reading of Ordinances #1244 and #1245 for May Local Option Tax Election

Recommendation and Summary

During the January 3rd meeting, staff reported feedback from several resident and business owner focus groups related to options for a potential Local Option Tax ballot question on the upcoming May election. The Council narrowed the options down to two and directed staff to hold another series of public outreach efforts (focus group, open house & online survey). Based on the feedback, Mayor Bradshaw is recommending first reading of Ordinance 1244 and not recommending proceeding with Ordinance 1245.

"I move to approve the first reading of Ordinance 1244"

The reasons for the recommendation are as follows:

- Ordinance 1244 seeks voter approval to extend the existing one percent for Air Local Option Tax for five years but with a new distribution of one-half percent dedicated to air service and one-half percent to housing
- This would result in no tax increase but dedicated ongoing funding for implementation of the Ketchum Housing Action Plan.
- Ordinance 1245 would implement a 2% increase to all short-term lodging as proposed during the May 2022 LOT election ballot. A majority of the focus group participations would not support the increase of liquor by the drink as they felt it raises concerns with locals versus an increase to short-term lodging

Introduction and History

During the spring of 2022, the city in collaboration with the public, business owners and valley partners (non-profits, governmental) completed the inaugural Housing Action Plan. The plan set forth five strategic goal areas with specific objectives and associated program investments. The plan will be updated annually with public input to inform the next fiscal year budget.

Due to existing limited funds, the City Council approved a May 2022 election to request voter approval of a dedicated Local Option Tax funding source to implement the plan. It is important to note, the plan was envisioned to address funding gap areas in partnership with existing valley non-profit and philanthropy groups. While there was strong voter support for the measure, it did not reach the required 60% approval threshold.

Sustainability Impact

Local community housing reduces vehicular trips and associated carbon footprint.

Financial Impact

The only current dedicated funding source for community housing is the In-Lieu Housing Fund which is currently fully committed to the local match for Bluebird Village housing project. The Urban Renewal Agency has recently requested \$1.5 million partnership match for the Washington Street housing project. The development team has also requested reimbursement for their planning/building application fees as well as impact fees.

Attachments

Ordinance 1244

Ordinance 1245

**CITY OF KETCHUM
ORDINANCE NUMBER 1244**

AN ORDINANCE OF THE CITY OF KETCHUM, IDAHO, AMENDING ORDINANCE 1166 AS PREVIOUSLY AMENDED, WHICH PROVIDES FOR THE IMPOSITION OF LOCAL OPTION TAXES (LOT); PROVIDING FOR A BALLOT; PROVIDING FOR EXTENSION OF THE LOT AND AMENDMENT OF PURPOSES; PROVIDING FOR ALLOCATION OF THE LOT; 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 local option taxes pursuant to Ordinance 712 and Ordinance 1090, and 1108.

WHEREAS, the City of Ketchum has determined it is in the best interests of the public to amend Ordinance 1166 to add an additional authorized use of the local-option, non-property taxes, Workforce Housing Provision and Support and split the LOT equally between purposes. The local-option, non-property taxes outlined in Ordinance 1166 are collected for the purpose of maintaining and increasing commercial air service as set forth in the ballot.

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

SECTION 1. The following ballot shall be submitted to the registered voters of the City of Ketchum at the May 16, 2023 election and Ordinance 1166 shall be amended as provided for in the ballot provided that the ballot is approved by sixty percent of the registered voters that vote on such ballot:

SPECIAL NON-PROPERTY TAX ELECTION

**CITY OF KETCHUM
STATE OF IDAHO**

1% Local Option Tax

Shall the City of Ketchum adopt Ordinance No. 1244 amending previously voter approved Ordinance 1166 which provides for the collection of a one percent (1%) local non-property tax to maintain and increase commercial air service to Friedman Memorial Airport through promotion and minimum revenue guarantees. There is no proposed increase in existing local option taxes.

Ordinance No 1244 proposes the following changes:

1. Extension of the existing 1% local option non-property tax for a period of five years from its effective date of July 1, 2023.
2. Half of the one percent to be allocated for the ongoing purpose of preservation of air service

3. Half of the one percent to be allocated solely for the purpose of preservation and creation of housing.

This is an extension of the existing one percent local option tax with a modified allocation of purposes. There is no proposed increase in existing local option taxes.

Half of the One Percent (0.5%) for Air Service and Half of the One Percent (0.5%) for Housing

IN FAVOR	→	<input type="checkbox"/>
AGAINST	→	<input type="checkbox"/>

Ordinance No. 1244 was adopted by the Ketchum City Council on _____, 2023, but will only be effective upon approval of sixty percent of the registered voters that vote on this ballot.

SECTION 2. SEVERABILITY CLAUSE. If any paragraph, part, section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid for any reason by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance.

SECTION 3. PUBLICATION. This Ordinance shall be published once in the official newspaper of the City.

SECTION 4. REPEALER CLAUSE. All City code sections, ordinances or resolutions or parts thereof, which are in conflict herewith are hereby repealed.

SECTION 5. EFFECTIVE DATE. This Ordinance shall be in full force and effect on July 1, 2023, 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 _____ 2023.

Neil Bradshaw, Mayor

ATTEST:

Trent Donat, City Clerk

**CITY OF KETCHUM
ORDINANCE NUMBER 1245**

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; AMENDING KETCHUM MUNICIPAL CODE 3.12.050 TO ADD TO AUTHORIZED USES OF LOT FUNDS AND INCREASING CERTAIN LOT AMOUNTS AND DESIGNATING SUCH INCREASES TO AN AUTHORIZED USE; 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 City LOT Ordinance).

WHEREAS, the City of Ketchum has determined it is in the best interests of the public to amend the City LOT Ordinance to add an additional authorized use, Workforce Housing Provision and Support, to the list of purposes for which LOT revenues may be used.

WHEREAS, the City of Ketchum has determined it is in the best interest of the public to increase certain of the current rates of LOT and designate such increases solely to the authorized use of Workforce Housing Provision and Support.

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 May 16, 2023 election and the City LOT Ordinance shall be further amended as provided if that the ballot is approved by sixty percent (60%) of the registered voters that vote on such ballot:

SPECIAL NON-PROPERTY TAX ELECTION

**CITY OF KETCHUM
STATE OF IDAHO**

Local Option Tax

Shall the City of Ketchum adopt Ordinance No. 1245 to increase the local option tax rates in the City of Ketchum by an additional two percent (2%) on hotel/motel rooms and short-term rental occupancy (30 days or less) to be dedicated solely to fund housing.

IN FAVOR	→	<input style="width: 60px; height: 30px;" type="checkbox"/>
AGAINST	→	<input style="width: 60px; height: 30px;" type="checkbox"/>

Ordinance No. 1245 was adopted by the Ketchum City Council on _____, 2023, but will only be effective upon approval of sixty percent of the registered voters that vote on this ballot.

SECTION 2. Ketchum Municipal Code 3.12.050, is amended as follows if approved by the registered voters of the City of Ketchum pursuant to the ballot designated above:

3.12.050: PURPOSES FOR WHICH THE REVENUES DERIVED FROM NONPROPERTY TAXES SHALL BE USED:

The nonproperty tax revenue derived from and collected under this chapter shall be used for the following purposes:

- A. Municipal transportation.
- B. Open space acquisition and recreation.
- C. Capital improvements: roads, water, sewer, parking, Ore Wagon Museum.
- D. Emergency services: police, fire, ambulance.
- E. City promotion, visitor information and special events.
- F. Property Tax relief.
- G. Direct costs to collect and enforce the tax.
- H. Maintaining and increasing air service to Friedman Memorial Airport
- I. Workforce housing provision and support.

SECTION 3. The City LOT Ordinance is further amended to increase and add the following local option nonproperty tax rates:

- A. 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.
- B. All above-listed additions will solely be used for the authorized use of Workforce Housing Provision and Support.

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 for any reason 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 6. EFFECTIVE DATE. This Ordinance shall be in full force and effect on July 1, 2023, 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 _____ 2023.

Neil Bradshaw, Mayor

ATTEST:

Trent Donat, City Clerk