FY 2027
Budget Development/Strategic Planning
- Local Option Tax Feedback & Options

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: Original LOT Current %	Original LOT: Collections	Additional 1% (Housing/Air): Additional LOT %	Additional 1% (Housing/Air): 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

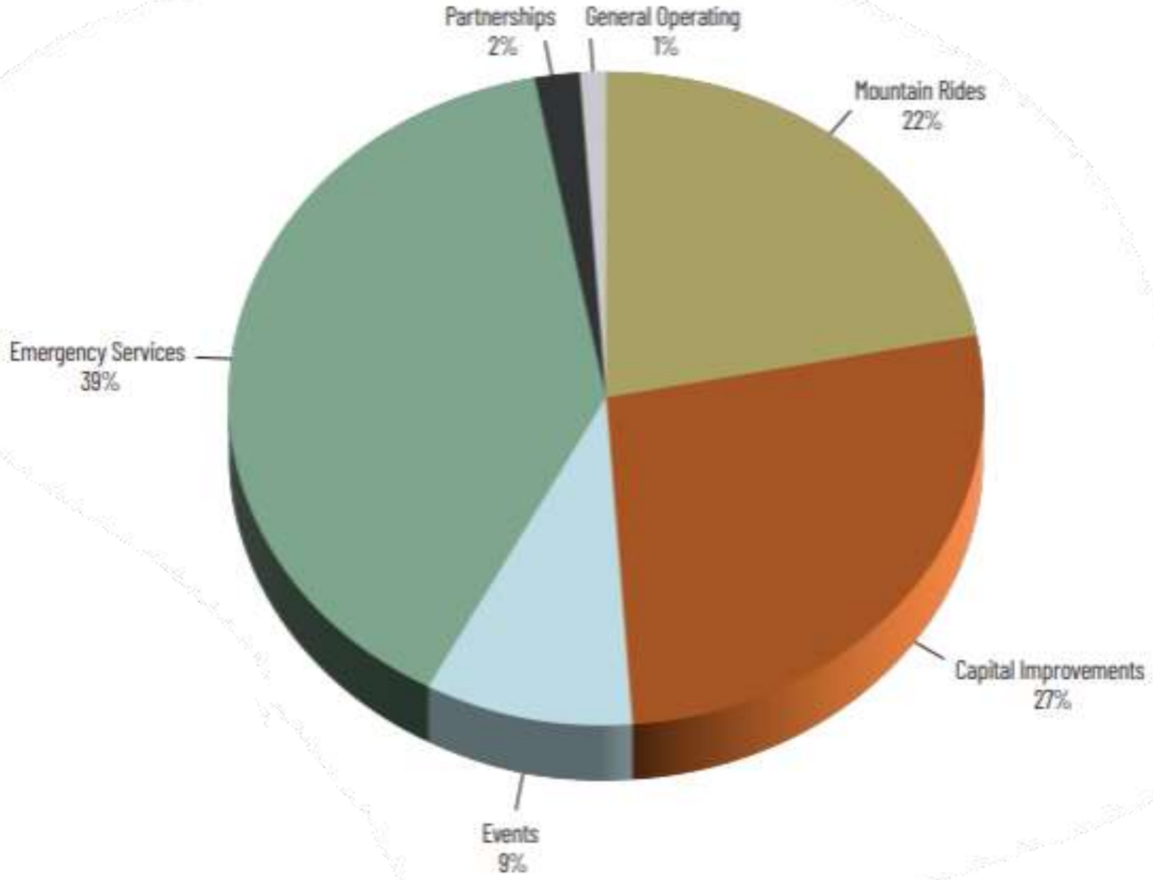
- Overall strong support for Local Option Taxes
- Concern with the proposed increase to Lodging
  - Price tag concerns
  - Maintaining a competitive market (particularly Sun Valley)
  - Bad timing
- Many were not against a change to Retail and/or Building Materials
  - Even in fractions (0.25 or 0.50%)
- 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



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)

		(#1) April proposal		(#2) Other options	
Category	**Current %**	**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

Ballot Language Questions

Ask the voters to…

Option #1	Option #2
1. Reauthorize the Original LOT as-is for 15 years and to increase 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**

*Additional language idea – 'tie' the increase earnings directly to CIP spendin

Discussion & Next Steps

- 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?

- June 11 Draft LOT Ballot language presented
- Mid-June 2nd Open House / Town Hall
  Staff-lead informational sessions
- June 25 Report feedback; finalize language