

2018 Local Option Tax Renewal

Reshaping Purposes of use
for Local Option Tax Funds



City of McCall

Wednesday, February 7th

What is the Resort Tourism Local Option Tax?

A Local option tax exist for a small portion of Idaho cities: resort towns with a population of fewer than 10,000 residents.

Thirteen cities in Idaho have this resort or tourism tax, such as Hailey, Ketchum, Sun Valley and McCall.

The idea is to use revenue from visitors to develop and maintain adequate infrastructure and services.



...More on the Local Option Tax

Idaho Code allows for an occupancy tax upon hotel, motel, and other sleeping accommodations rented or leased for a period of thirty (30) days or less.

The intent of the Idaho Legislature to allow resort cities to collect a local non-property tax was to **mitigate the affects of tourism on a small city that the general fund could not accommodate.**



Local Option Tax SAVES CITY TAXPAYERS

MCCALL DEPENDS ON TOURISM

McCall derives a major portion of its economic well-being from businesses catering to the recreational needs of travelers.

VISITORS ADD COSTS

While tourism stimulates the local economy, the influx of visitors also inflates the number of people the city taxpayers provide services for.

L.O.T. RELIEVES TAXPAYERS

This local option, non-property tax is an opportunity for McCall to offset the cost impacts and avoid having to raise property taxes.



How does this L.O.T. benefit the community?

Allows for major projects to continue without raising property taxes.



Gives funding to major projects that may not happen otherwise.



Funds community restoration projects caused by large population spikes.



Who pays this Local Option Tax?

Paid by Staying
Guests

Collected by
Accommodation
Providers

Those paying for sleeping accommodations rented or leased for a period of thirty (30) days or less within the City of McCall.

“Occupancy or Accommodation Tax”



What is changing in the ordinance?

- In an effort to maintain the integrity of the intent of the Local Option Tax to mitigate the effects of tourism and comply with the state constitution, the City's Attorney, per the request of the Council, has developed the recommended changes to the Ordinance that will go to the voters in May 2018.
- In addition to the recommended changes to the ordinance, the City Attorney has provided Application Instructions for anyone who may want to apply for funds.



Funding Requirements

These must be in place in order to obtain Local Option Tax funding

- The offer of goods or services must provide a considerable contribution to the citizens at-large

“the contract has a public purpose”



- A binding contract must be established with any private entity providing the goods or services in exchange for funding

“public funds remain under the control of the governing body of the public agency”



- There must be a clear structure and outline as to what the public receives in exchange for funding.

“the public agency receives adequate consideration for any benefits conferred on a private entity”



The Law & Local Option Tax

It is **Lawful** to use local option tax funds

to mitigate (lessen) affects of tourism on small towns

to Use Funds for reinvestment into infrastructure repairs

to offset the cost-impacts of these visitors on the City's infrastructure

in exchange for goods or services that provide a public purpose from a private entity

It is **Unlawful** to use Local Option Tax funds

to support private entity tourism or advertising efforts without direct public purpose

to raise money, make donations or loan credit to any private entity.

to provide aid of any amount to any individual, association or corporation without the exchange for public use

to fund incidental (minor) goods or services even if available to the public



Public Opinion On Allowable Uses

The local option non-property tax revenue derived from and collected under this Chapter shall be used for direct costs to collect and enforce the tax and only for the following municipal purposes:

City streets, sidewalks and pathways, pedestrian crosswalks, and public transportation

Construction and maintenance of City cultural and recreational facilities, including the McCall Municipal Golf Course and McCall Municipal Library

Services for City recreational and cultural activities including but not limited to library, community art, recreational and cultural events and programs

City parks maintenance, development, and beautification

Sheltering and or spade and/or neutering of stray animals found in the City limits

City Local housing program as recommended in the McCall Housing Strategy

Services for City marketing, advertising, tourism development and City event promotion.

What would you add?

What would you remove?

Based on a previous survey the Council had determined that the new **LOT length would be 10 years and would remain at 3%** on occupancy of 30 days or less.



BREAK OUT DISCUSSION



- Join City Council and staff at one of five (5) tables to discuss, ask questions and give opinion on allowable uses.
- Thank you for being a part of the discussion and guiding the Council in the decision making process.

