



Essential Hailey Infrastructure

Funding Opportunities - Property Taxes

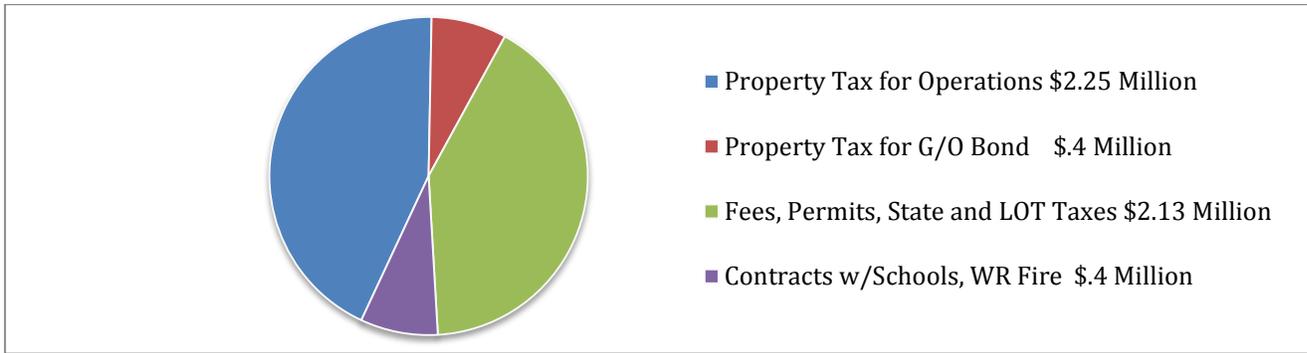
Discussion of Funding through Property Taxes:

Many funding sources exist by which to increase maintenance and improve infrastructure. All of the funding sources available to Hailey are listed here. This report focuses on property taxes.

- Local Improvement Districts
- Business Improvement Districts
- Idaho Power Franchise Fee negotiated from 1 to 2% (increase street maintenance revenue by \$60,000)
- Voter approved Idaho Power Franchise fee of 3% (increase street maintenance revenue by \$120,000)
- 2-year levy overrides (50% +1 voter approval)
- Permanent levy overrides (60% voter approval or 66.67 voter approval)
- Local Option Tax increase for Capital (60% voter approval)
- County Road and Bridge Levy partnership
- Revenue Bonds for Water or Wastewater projects (50% +1 voter approval)
- General Obligation Bonds (66.67% voter approval)
- Development Impact Fees (already exists)
- Tax Increment Financing (available within URA)
- Grants (need a separate revenue stream for grant matches)
- Donations
- Transfer of excess operating funds to Capital

Property Tax Funding Analyses:

Property taxes are currently the basis of just over half of Hailey's budgeted general revenue, which comes from the following sources:



Idaho law limits how much cities can increase taxes without a vote. Hailey receives an additional \$70,000 each year under this 3% cap. This costs Hailey taxpayers \$9 more each year.

Hailey property owners currently pay \$272 annually to the City of Hailey for each \$100,000 of their net taxable property value. This reaches the \$2.25 million in operational tax revenue discussed above. In addition, they pay \$48 each year for the G/O Rodeo Bond payback, which will continue for six more years.

Other city taxes allowed by Idaho law are shown in the table below. All but one of the various tax levies available to cities are capped by levy limits. The street tax is unlimited, but Idaho law requires cities to show that all state and city fuel and street taxes are used only on street maintenance, repair, and new street construction. Such financial laws and levy limits provide assurance to constituents that funds will be used for specific purposes.

For each additional \$10 per year Hailey property owners would pay in taxes through a voter approved tax increase under any of the categories shown below, Hailey would receive \$82,940 additional revenue.

Hailey is defined as a Low Property Tax City under Idaho Code 63-802.1.f., because its general fund levy is below .004. As such, a 60% majority of Hailey voters can approve a permanent property tax increase from the current .0027 levy to .004. Levy increases above that, up to the allowed maximum of .009, and the other levy categories shown below, require a 2/3 majority vote for approval. The exception is the capital levy, which requires 60% voter approval.

Taxing Authority	Maximum Levy	Current tax paid per 100,000 valuation	Maximum tax per 100,000 valuation under maximum levy	Annual funds collected by city under current levy	Total funds available yearly under maximum levy
General Fund	.009	\$272	\$900	\$2.25 million	\$7.5 million
Capital Fund	.0004	-0-	\$40	-0-	\$ 332,000
Library	.001	-0-	\$100	-0-	\$ 829,400
Parks & Recreation	.0006	-0-	\$60	-0-	\$ 498,000

Streets	No Limit	-0-	No Limit	-0-	Each \$10 of tax brings \$82,940
Bonds	.02	\$48	\$200 (10 years)	\$398,025	\$14.8 million