



LOCAL OPTION TAX, PROPERTY TAX, ESSENTIAL INFRASTRUCTURE & CAPITAL NEEDS

Foreseeable difficulties: With no way to replenish capital funds, Hailey’s infrastructure is in peril. The City needs to replenish the Capital fund through levies and/or local option taxes. Without more capital, the City will have to make tough choices. Some of the tough choices may involve not being able to repair sidewalks or roads as needed. Just like any aging household, the City needs to care for its aging infrastructure, and it costs money. Citizens will have to decide whether they wish to live in a “first world” City.

Possible Funding Option: The City of Hailey has identified that we need \$1 million per year for capital needs. The community is telling us to combine LOT increases with property tax increases, to spread the costs out among different payers. **As a starting place for discussion**, we propose a combined method by which 60% of voters could approve funding:

1. LOT – As a starting place for discussion, Hailey plans a dialogue about doubling the percentage of LOT tax on our current categories.

LOT Category	Current Percentage	Annual Income	Proposed Percentage	Additional Income
Car Rentals and Lodging	4%	\$ 255,000	8%	\$ 255,000
Alcohol by-the-Drink	2%	\$ 50,000	4%	\$ 50,000
Restaurant Food	1%	\$ 125,000	2%	\$ 125,00
TOTAL		\$ 430,000*		\$ 430,000**

* Of the current total, \$65,000 goes to Air Service, Hailey nets \$365,000.

**Of the additional new income, the full \$430,000 would be for use by Hailey.

2. Low Prop Tax Levy – Cities in Idaho are allowed set general property tax levies as high as .009. Hailey’s current levy is far below that, putting Hailey in a category called “low property tax cities,” at its current levy of .0029. We recommend **as a starting place for discussion** increasing this

levy only enough to achieve \$570,000 additional revenue. This would cost taxpayers \$75 per year per \$100,000 valuation. The levy would be set at .00365, still far below the amount allowed by law.

Existing Unfunded Capital Needs:

In Hailey’s current budget, the following capital items from our Capital Plan were shown as needs but are not funded:

\$ 20,000	Balmoral Park Pavilion Shade Structure
\$100,000	Croy Street Bike Path
\$ 20,000	Drywells (year 1 of 3-year program)
\$ 35,000	Service vehicles replacement
\$ 60,000	Fire Department Structure Fire Clothing
\$ 30,000	Skatepark improvements – lights
\$ 20,000	Irrigation SCADA smart controls
\$ 100,000	Arena upgrades – Shading Structure and moved Announcers stand
\$ 30,000	Fox Building Radon Mitigation
\$ 30,000	Fox Building Skylights Replacement
\$ 30,000	Fox Building Window Replacement
\$115,000	City Hall Awnings
\$ 15,000	Woodside Drainage Canal improvements
\$ 65,000	Security systems for Street Shop and Salt Storage Barn
\$ 200,000	Snow Plow with Blade
\$ 60,000	Old Hailey Sidewalk Connections and ADA accessibility
\$ 500,000	Road Replacement and Rehabilitation – Annual plan to properly maintain 46.73 miles of roads within the next 11 years.

Existing Unfunded Maintenance:

In addition to the Capital needs above, Hailey staff identified an annual underfunded maintenance need of \$300,000. These include building maintenance, parks maintenance, street maintenance such as chip seal and fog seal and equipment repairs such as tire replacements. Snow removal costs \$16,000 per 6-inch snowfall.

\$ 300,000	Unfunded Maintenance
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