

PONDERAY

LOCAL OPTION SALES TAX

What is a local option tax?

- A local option tax (LOT) is a municipal non-property sales tax that must be voter approved.
- Only resort cities with a population of 10,000 or less are eligible to pass a local option tax.
- A local option tax must be placed on the ballot and approved by greater than a 60% majority of voters.
- The local option tax must have a pre-determined end date and must fully describe the allowable uses of the funds.
- The tax is collected and filed directly with the city, guaranteeing 100% of the money is spent here in Ponderay.

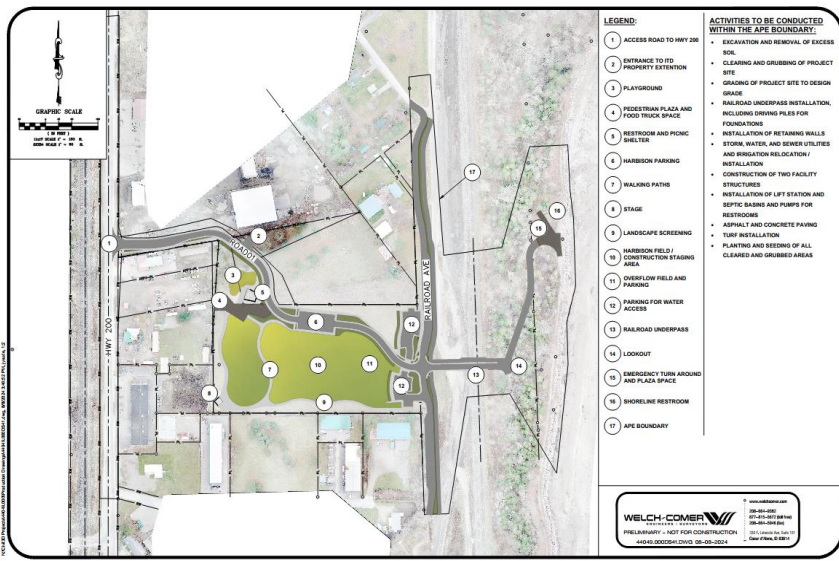


I thought Ponderay was already collecting a local option or penny tax?

- In 2019 the Ponderay voters approved a local option sales tax, which was good for 5-years (2020-2024) and will be expiring on December 31, 2024.

Tell me about the existing local option sales tax? What did it do for the community?

- To date the local option sales tax has collected **\$14,155,165.17**.
- The collected funds have been used to:
 - Construction of the Field of Dreams, Phase 1, project which had been a community dream for over 30-years.



- Matching funds for the BUILD grant which is designing an underpass to connect the Ponderay to the waterfront to which there is not currently legal access. Additionally, the grant includes design funds to create an access to Highway 200 and a 30% design of the Highway 200 corridor through Ponderay.
- The City has purchased three waterfront properties that are necessary to construct the future underpass. These lands will also allow the Pend d' Oreille Bay trail to be extended and for clean-up to occur at "Black Rock" through the Cities EPA Multipurpose Brownfields Grant.

Why are local option taxes beneficial to the community?

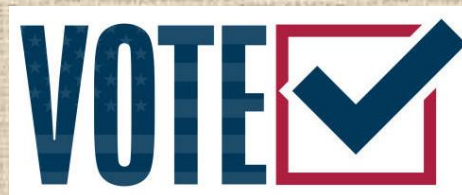
- Currently, the City of Ponderay operates on a ± \$3.1 million annual budget (when you exclude the local option sales tax funds and expenditures)
- Annually, the city businesses collect an estimated ± \$28 million in sales tax annually which is sent to the State of Idaho to be allocated through the revenue sharing formula. Of that ±\$28 million sales tax dollars collected, only **±\$150,000 (FY2024) is returned to the city annually.**
- The local option sales tax alone produces an average of \$3 million dollars per year allowing the city to fund projects that would otherwise not be feasible.
- Ponderay is the commercial hub of Bonner County. Our 372 businesses provide service to residents of north Idaho and portions of Montana, Canada and Washington, not to mention visitors to the area. All of these shoppers are paying in to the 1% local option tax. **This allows the cost of these regional amenities to be paid for by all who shop in Ponderay whether they live here or not.**

The local option tax is set to expire at the end of 2024. What happens then?

How will these projects continue?

- The answer to this question is up to the Ponderay voters!
- The Ponderay City Council recently passed Resolution 2024-12, which will place a measure on the November ballot asking voters to determine whether the local option tax should continue to be collected after it expires in 2024.
- **Things to know about the proposed local option tax renewal:**
 - **The local option tax if passed would replace the existing penny tax. A total of 7% sales tax would be collected beginning January 1, 2025 (6% State sales tax+1% LOT to Ponderay).**
 - **The LOT would be collected for a 10-year term.**
 - **Sales that are greater than \$999 would be exempt from the LOT (same as current)**
 - **The following would be funded by a continued LOT:**
 - **Continued development of the Lakeshore Access/Railroad underpass project**
 - **Continued development of the Field of Dreams and associated infrastructure**
 - **Development of a Field of Dreams maintenance endowment fund of \$1 million that would continue to accrue interest until the fund contains \$2 million which would be designated to cover maintenance costs at the Field of Dreams for years to come, alleviating taxpayer burden.**
 - **\$500,000 per year towards street and stormwater projects for maintenance, necessary improvements and new facilities.**

What can I do?



November 5, 2024