



## Memorandum

To: Vail Town Council

From: Stan Zemler, Town Manager

Date: August 16, 2016

Subject: Discussion about proposed Lift Ticket Tax Ballot Question

### I. SUMMARY

The discussion and public input session next Tuesday will address a proposed lift ticket ballot question (ballot issue). The proposal is for an increase in the Town's current lift ticket tax (addressed in Chapter 5 of Title 4 of the Vail Town Code, Ski Area Lift Ticket Admissions Tax). The ballot question has been drafted below, which if approved by the Town Council by resolution, would be considered by the Vail voters in a special election (possibly coordinated with Eagle County and held in the upcoming November election).

### II. BACKGROUND

The lift tax was first imposed by ordinance in 1966 as an occupation and business tax on places of business operating a ski lift or ski tow. This was the same time a similar 2% occupation and business tax was imposed on lodges, restaurants, liquor stores and retailers.

In May of 1992, the name of the tax was changed to Ski Area Lift Ticket Admissions Tax and the rate increased to 4%. Vail Associates (now Vail Resorts, Inc.) supported the increase in the tax to 4% based on their understanding the tax would support transportation systems. The ordinance enacting the tax, however, does not restrict the use of funds collected from the tax or reference transportation in any way.

### III. DISCUSSION

#### Ballot Issue

As noted above, any proposal to increase taxes must comply with TABOR. Ballot questions under TABOR are called "ballot issues," and must follow a specific format, including very specific language.

Annual revenue from the lift tax collected in 2015 was \$4.7 million, and has averaged \$4.0 million annually over the past five years. Lift tax is consistently among the town's top five revenue sources, with sales tax, real estate transfer tax, and parking ranking higher.

A doubling of the lift tax would result in additional collections of approximately \$4.8 - \$5.0 million per year. This amount of annual revenue stream would allow the Council to 1) issue tax revenue bonds in the amount of \$40 million with a 15 year payback or 2) issue certificates of participation (COP's) in the amount of \$35 million paid back over 10 years. The amounts and maturities vary due to interest rate differences between the types of debt.

A proposed ballot question to increase the Town's lift ticket tax, assuming the Town Council does not wish to change anything about how the tax is assessed, would be as follows:

SHALL THE TOWN OF VAIL SKI AREA LIFT TICKET ADMISSIONS TAX BE INCREASED BY \$\_\_\_\_\_ IN THE FIRST FISCAL YEAR AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER BY THE IMPOSITION OF AN ADDITIONAL TAX OF 4%, COMMENCING JANUARY 1, 2017 AND CONTINUING THEREAFTER, SO THAT THE TOTAL LIFT TICKET ADMISSIONS TAX IS 8%, WITHOUT MODIFYING THE MANNER IN WHICH SUCH TAX IS ASSESSED OR COLLECTED OR THE PRIVILEGES SUBJECT TO SUCH TAX; WITH ALL REVENUES COLLECTED, RETAINED AND EXPENDED FOR SUCH TAX TO BE USED FOR GENERAL TOWN PURPOSES; AND SHALL ALL SUCH REVENUES BE COLLECTED, RETAINED AND EXPENDED AS A VOTER-APPROVED REVENUE CHANGE NOTWITHSTANDING ANY RESTRICTION UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

The blank must be filled in, and must be an estimate of the additional amount of tax revenue that will be collected by the Town in the first fiscal year (2017). The estimate must be high enough that the revenues do not exceed the estimate, because any revenues collected in excess of the estimate must be returned to the taxpayers. A proposed ballot question would need to be finally adopted by the Town Council by resolution at or before the first Town Council meeting, September 6, 2016.

#### Election Deadlines

The Town Council needs to call a special election by resolution. At the time of the call, the Town must determine whether the election will be coordinated with Eagle County. Because this is a state general (and Presidential) election, most communities holding November elections are coordinating. In addition, because any tax increase implicates the Taxpayers' Bill of Rights (TABOR) contained in Article X, § 20 of the Colorado Constitution, there are numerous additional mailings that can be more easily performed by the Eagle County Clerk. However, coordination is not required.

The Town Clerk has already notified the Eagle County Clerk that it intends to participate in the coordinated election and has received a copy of the Intergovernmental Agreement to participate in a coordinated election. The Town must submit the executed IGA to the County by August 30. The IGA is included on the agenda as well for consideration; staff suggests approving the IGA at this meeting in order to meet the August 30<sup>th</sup> deadline for submittal. The next important deadline is September 9<sup>th</sup>, the deadline by which the ballot content must be certified to the County Clerk.

If the Town Council determines not to coordinate with Eagle County, the applicable deadlines will then depend on whether the Town Council would like to hold a mail ballot election or a polling place election. Assuming a mail ballot election, the first deadline (finalizing the ballot content) would be approximately 60 days prior to the election, or September 9<sup>th</sup>. A polling place election would allow slightly more time. However, the actual deadlines would not be determined until the type of election is selected.

#### **IV. CONCLUSION**

If the Town Council wishes to increase the existing lift ticket tax, action on a ballot question would be required at either next Tuesday's meeting or no later than the September 6<sup>th</sup> meeting. The special election would be called at the time the ballot proposal is approved. The IGA with Eagle County to participate in the coordinated election would require approval next Tuesday, August 16<sup>th</sup>.