

Red Lodge Resort Tax

Town Hall Presentation and Input-Gathering



January 9th, 2020

Resort Tax Renewal Board Mission

The mission of the Resort Tax Renewal Board (RTRB) is to advise the Red Lodge City Council on Resort Tax options, applicability and scope, as well as options for inclusion of the one percent (1%) Resort Tax increase authorized by Senate Bill 241. In this capacity, the Board will recommend effective and specific ballot language while engaging and educating citizens and stakeholders in order to synthesize an accurate and timely analysis of community needs and priorities related to the Resort Tax.

Agenda

- Why and how was the Resort Tax Renewal Board Created? Mayor Larson
- Red Lodge RT Expenditures and Other Community Highlights -Jody and Jeremy
- Options for 1% Additional Resort Tax, Impact of RT Loss -Colleen
- Community Survey Results -Tom and Tim
- Options for Increasing Resort Tax Revenue -Tim
- Comment Period

Interactive Q & A:

PollEv.com/humbleleaf472

When was the city of Red Lodge established?

1837

1884

1902

1876



In one word, why do you love Red Lodge?



In what year was the resort tax passed?

1998

1992

2001

1986



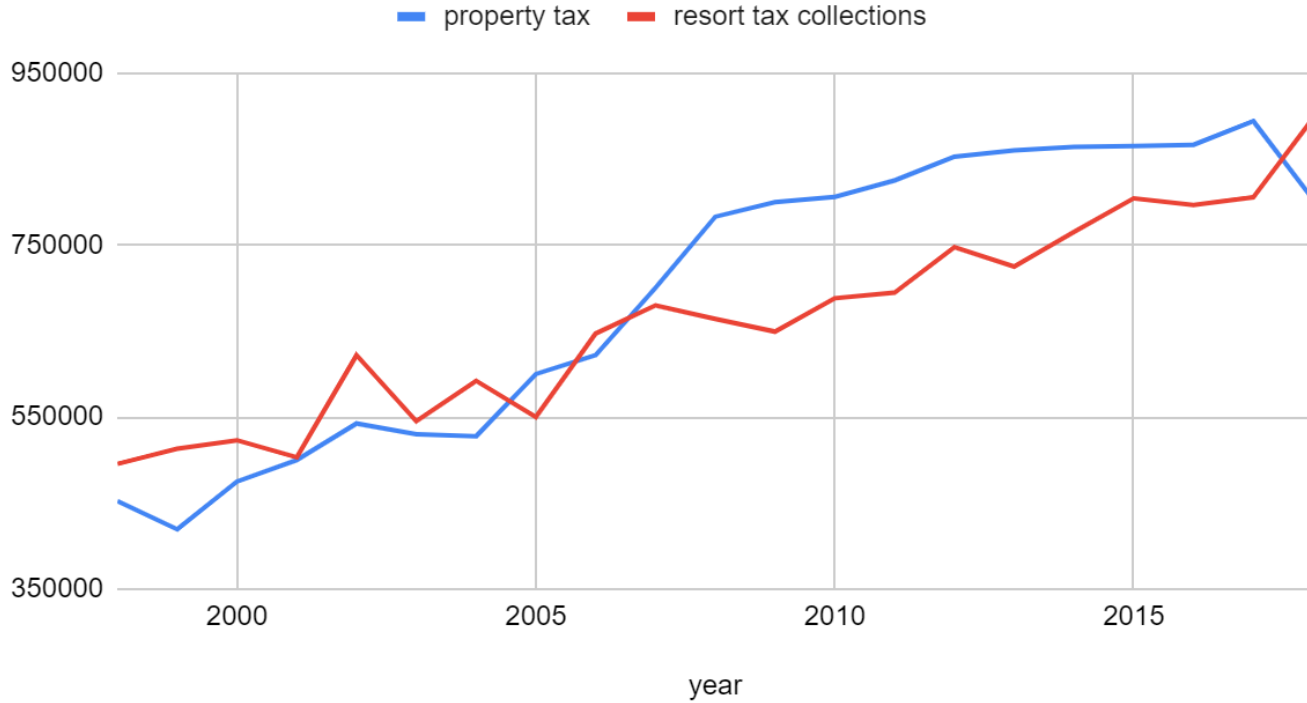
How much is collected from resort tax per year?



How much is collected from property tax per year?



property tax and resort tax collections



Which communities in Montana have resort tax?



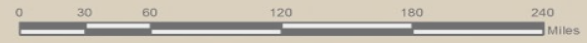
Montana Resort Tax Communities



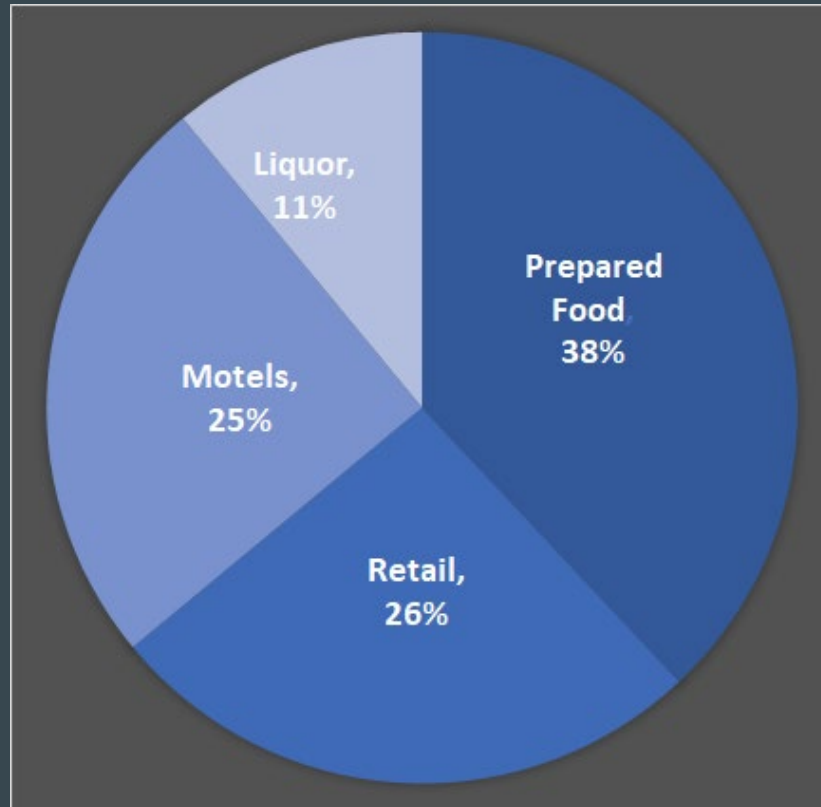
- Red Lodge
- Cooke City
- Gardiner
- Big Sky
- West Yellowstone
- Virginia City
- Craig
- Wolf Creek
- St. Regis
- Whitefish

- ★ Resort Tax Communities
- Interstate Highways
- ~ Rivers
- ☪ Lakes
- State Boundaries

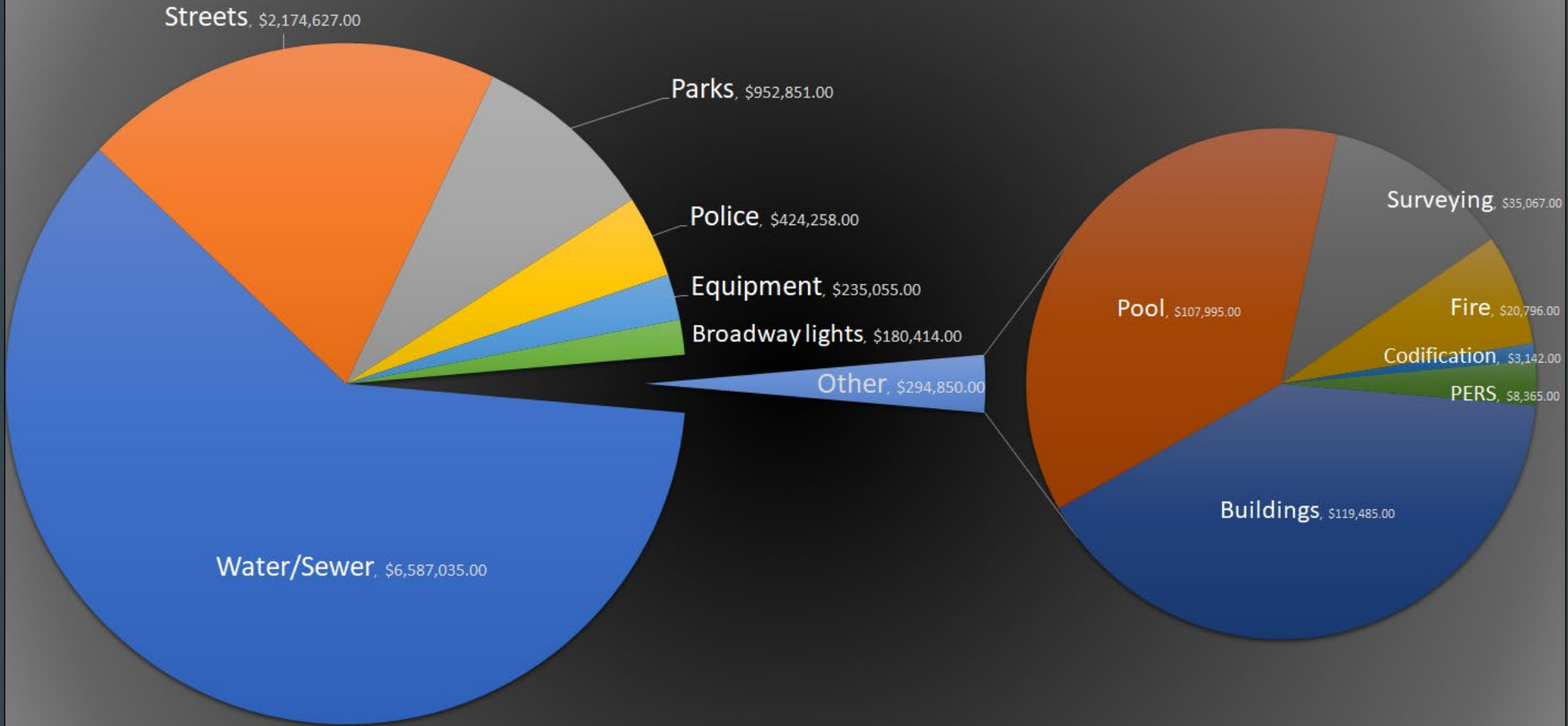
Montana's Resort Tax Communities



Resort Tax Collections



Total Historic Resort Tax Expenditures



Current Allocation

(Subject to revision by upcoming ballot)

15% — A. Property tax reduction for taxpayers of the City in an amount equal to fifteen percent (15%) of the Resort Tax revenues derived during the preceding fiscal year;

5% — B. The merchants' and vendors' cost of collecting the Resort Tax in an amount equal five percent (5%) per year (as provided in Section 426 of this Ordinance;

1% — C. Cost of administering the Resort Tax in an amount equal to one percent (1%) per year (as provided in subsection 2-6(C) of this chapter);

79% — D. All remaining tax revenue collected must be utilized for capital improvements to streets, alleys, roads, the municipal water system, the municipal sewer system, parks and recreational facilities, or emergency services.

Audits

Resort Tax spending is audited each year by an independent auditor

“Part D” in the prior slide is the bulk of the resort tax to fund projects.

Prior to 2017 each audit approved the use of “Part D” funds for capital improvements including the maintenance of the capital improvements. “We were able to build a park and maintain it”.

After 2017, a new audit limited the city of Red Lodge to use “Part D” to capital improvement projects only. “We can no longer use resort tax money to maintain our parks, only build them”.

Other Resort Communities

West Yellowstone

Collects approximately \$1.7M per year

Enacted 1986 - First MT community to adopt the resort tax

Infrastructure projects, purchase of snow removal equipment, police vehicles & contribute annually to community programs include the 4th of July Fireworks, Shakespeare in the Park, the Summer Recreation Program and the Galavan Bus.

November 2019- Extended 3% Tax and passed the additional 1% to pay for infrastructure. Specifically: a new **wastewater treatment facility** **street and sidewalk improvements**, a new **water tank** and **replace aging water and sewer lines**

Other Resort Communities

Big Sky

Collects approximately \$4.1M per year

Enacted in 1992

May be appropriated for infrastructure facilities, public services, including a post office, ambulance and other emergency medical services, public transportation, snow plowing, tourism development and other services that provide for the public health, safety and welfare within the District.

Services include funding for the sheriff's office, search and rescue, fire department, food bank, recycling and chamber of commerce.

Several organizations have used the resort tax as leverage to obtain additional funding including the Arts Council, Gallatin River Task Force and Big Sky Skating and Hockey Association.

Other Resort Communities

Cooke City

Collects approximately \$150,000 per year

Enacted in 2006

5% for merchant collection fees

10% for property tax relief

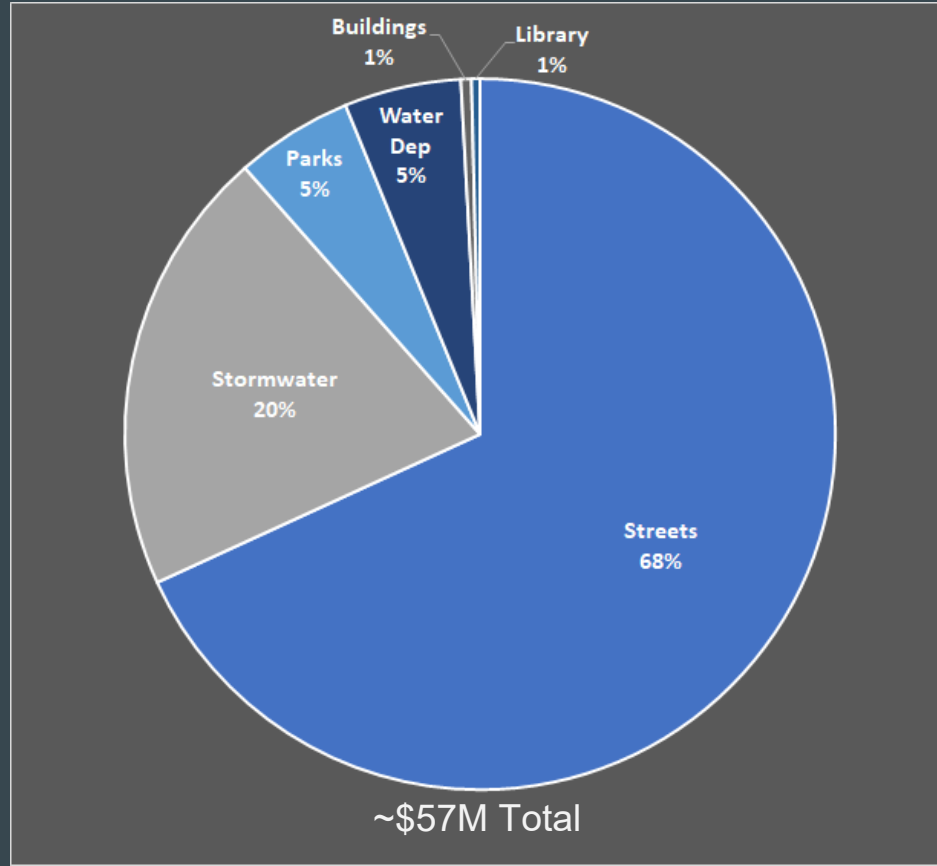
1% for county administration

84% for capital improvements, emergency services, tourism development and projects which provide for the public health, safety and welfare.

Constructed a community center, upgrade emergency services equipment and snowmobile trail grooming equipment and upgrades to the water system.

Red Lodge Future Needs

As per current C.I.P.



Streets

Oaks Ave \$2M

Platt Ave \$4.76M

Hauser Ave \$3M

Villard Ave \$2.76M

White Ave \$2.56M

Word Ave \$3.7M

Haggin Ave \$4.65M

Adams Ave \$4M

Grant Ave \$2.5M

McGillen Ave \$2.15M

Cooper Ave \$1.9M

Chambers Ave \$610K

Bonner Ave \$790K

Kainue Ave \$2.17M

Park Ave \$1M

Total Cost ~ \$38.67M

Stormwater Sewer

(Must be completed before Street projects)

Phase 1 Storm Sewer \$2.6M

Phase 2- Storm Sewer \$1.5M

Phase 3 - Storm Sewer \$2M

Phase 4 - Storm Sewer \$3.5M

8th Street -Storm Sewer \$900K

14th Street - Storm Sewer \$650K

Cooper Ave -Storm Sewer \$320K

Total Cost ~\$11.47M

Parks

Rehabilitate Swimming Pool

Concrete Skate Park

Rocky Fork Trail System Expansion

Moose Trails Playground

Tree Nursery

Bike Pumps/Skills Improvements

Rotary Park Restrooms

Field School Tennis Courts

Total Cost ~ \$3.01M

Water Department

Preliminary Engineering Report

Park Ave Water

Kainu Ave Water

Pressure Reducing Valves

South Hauser

Grant Ave

7th St

Total Cost ~ \$3M

What If There Were No Resort Tax

~ \$850,000 in Revenue 2018-2019

If There Were

NO

Resort Tax.....

- ~ \$151 increase per resident in all water and sewer bills per year
- Snow Plowing and Removal would be greatly reduced
- Park and Trail improvements and maintenance would be severely impacted
- It is unlikely that a new Community Pool would exist
- Districts, i.e. streets, lights, etc, would have to be created
- Urban Forestry and State Gas Tax Grants require matching funds. Those matching funds would no longer be available

If the Extra 1% is Passed....

1%
Would
Immediately Add

\$250,000
per year for
infrastructure

- Since 2017 The 3% must go to Capital Improvement projects
- The 1%, if passed, **MUST** be used for Infrastructure





How Could the 1% Be Spent...

- **Storm water** - Per the preliminary engineering report, this is an \$11M project. The Dept of Environmental Quality will eventually require improvements for which fines will be applied if improvements are not made
- **Water, Sewer and Roads**

The Survey

The Questions



* Where is your primary residence?

Answer	0%	100%	Number of Responses	Response Ratio
Red Lodge City Limits			170	63.9%
Carbon County			71	26.6%
State of Montana			8	3.0%
Other (View all)			17	6.3%
No Responses			0	0.0%
Totals			266	100%

Do you own property within the city limits?




Answer	0%	100%	Number of Responses	Response Ratio
Yes			162	60.9%
No			101	37.9%
No Responses			3	1.1%
Totals			266	100%

Are you a Red Lodge business owner?







Answer	0%	100%	Number of Responses	Response Ratio
Yes			81	30.4%
No			184	69.1%
No Responses			1	<1%
Totals			266	100%

The Questions

Do you believe the Resort Tax has had a positive impact on the community?↕




Answer	0%	100%	Number of Responses	Response Ratio
Yes			209	78.5%
No			52	19.5%
No Responses			5	1.8%
Totals			266	100%

How likely are you to vote 'Yes' on renewing Resort Tax today?

Answer	0%	100%	Number of Responses	Response Ratio
Very likely			153	57.5%
Somewhat likely			28	10.5%
Neutral			26	9.7%
Somewhat unlikely			24	9.0%
Very unlikely			30	11.2%
No Responses			5	1.8%
Totals			266	100%


The Questions

Do you feel the appropriate items are taxed?


Answer	0%	100%	Number of Responses	Response Ratio	
Yes			138	51.8%	
No			44	16.5%	
Not Sure			75	28.1%	
No Responses			9	3.3%	
			Totals	266	100%

The Questions

Should the Resort Tax be limited to capital improvements*? * Capital Improvements are projects costing \$5,000 or more and projected to last at least 10 years.

Answer	0%	100%	Number of Responses	Response Ratio
Yes			88	33.0%
No			169	63.5%
No Responses			9	3.3%
Totals			266	100%

Should city operational costs be allowed such as snowplowing and park maintenance

Answer	0%	100%	Number of Responses	Response Ratio
Yes			177	66.5%
No			83	31.2%
No Responses			6	2.2%
Totals			266	100%

If you could use resort tax funds for ONE thing, what would it be?



The Questions

Answer							Number of Responses	Rating Score*
City Services - Such as Resort Tax Enforcement, Clerks, City Hall, Courts, Legal	30%	15%	19%	21%	7%	5%	239	2.7
Community Services - Such as Food Bank, Library, Recycle Center	18%	12%	15%	18%	15%	19%	251	3.6
Economic Development - Attract new businesses	19%	16%	14%	15%	15%	18%	248	3.5
Fire/EMS Services	20%	12%	12%	15%	19%	19%	250	3.6
Local Event Funding/Grants	31%	14%	17%	18%	12%	5%	244	2.8
Marketing to Increase Resort Tax Revenue	28%	14%	18%	14%	12%	12%	247	3.0
Police and Protective Services	25%	17%	10%	16%	13%	16%	246	3.2
Snowplowing - Equipment and Drivers	15%	6%	14%	19%	24%	20%	248	3.9
Tourism Infrastructure - Such as beautification, weed spraying, flags, flowers, fireworks, wayfinding, downtown speakers	12%	7%	11%	19%	19%	30%	252	4.2
Workforce Housing	29%	13%	14%	9%	11%	20%	244	3.2

The Questions

Answer		Number of Responses	Rating Score*
City Buildings		242	3.1
Community Pool		253	4.1
Park and Trails Construction and Maintenance		254	4.2
Property Tax Relief		248	3.2
Stormwater Improvements		246	4.3
Streets and Sidewalks		257	5.1
Upgrade Infrastructure - to allow for city growth/development		249	4.6
Water and Sewer - Rate Support		247	3.7

How the Questions Ranked

Highest Rankings

- 5.1: Streets and Sidewalks
- 4.6: Upgrade Infrastructure - to allow for city growth/development
- 4.3: Stormwater Improvements
- 4.2: Park and Trails Construction and Maintenance
- 4.2: Tourism Infrastructure - Such as beautification, weed spraying, flags, flowers, fireworks, wayfinding, downtown speakers
- 4.1: Community Pool

How the Questions Ranked

Secondary Rankings

- 3.9: Snow Plowing - Equipment and Drivers
- 3.7: Water and Sewer - Rate Support
- 3.6: Community Services - Such as Library, Recycle Center
- 3.6: Fire/EMS Services
- 3.5: Economic Development - Attract new businesses

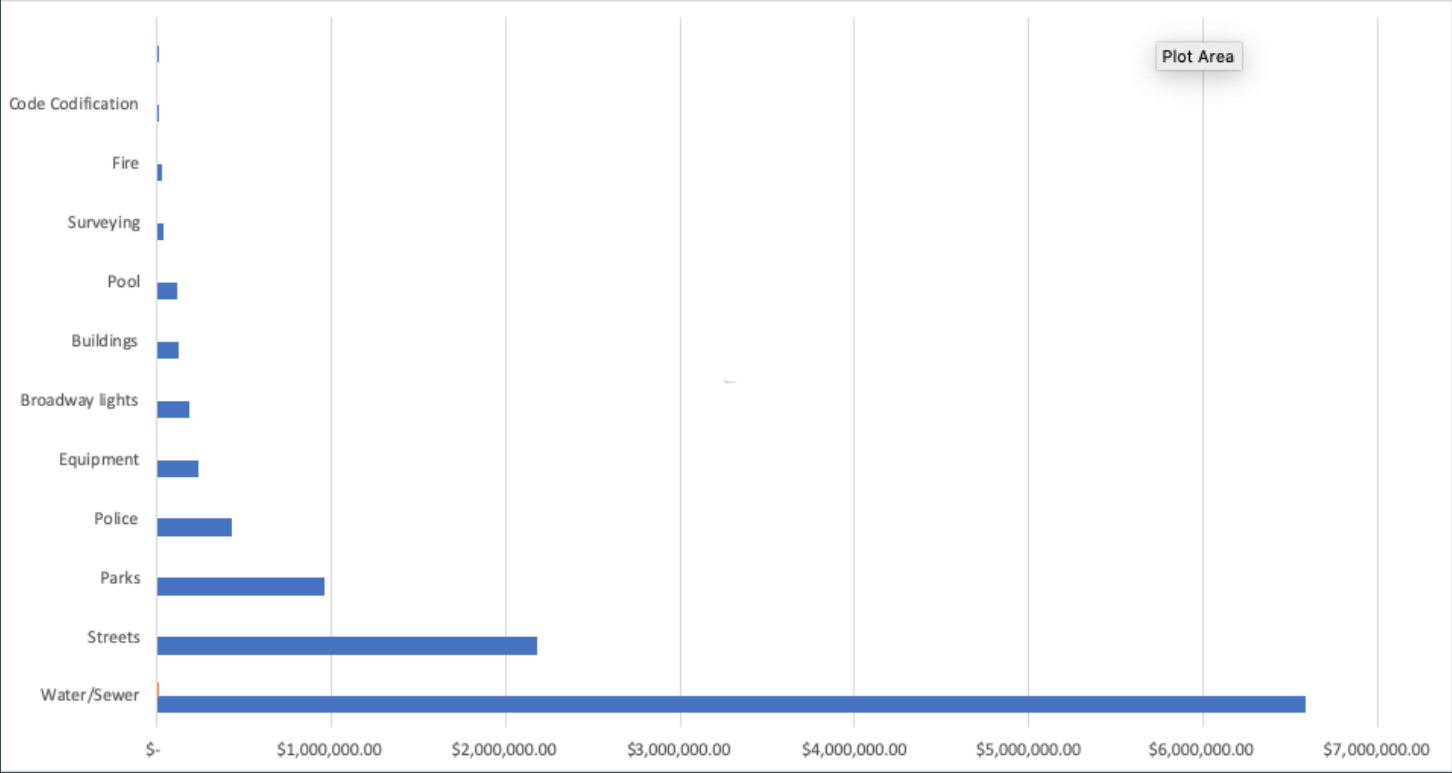
How the Questions Ranked

Lowest Rankings

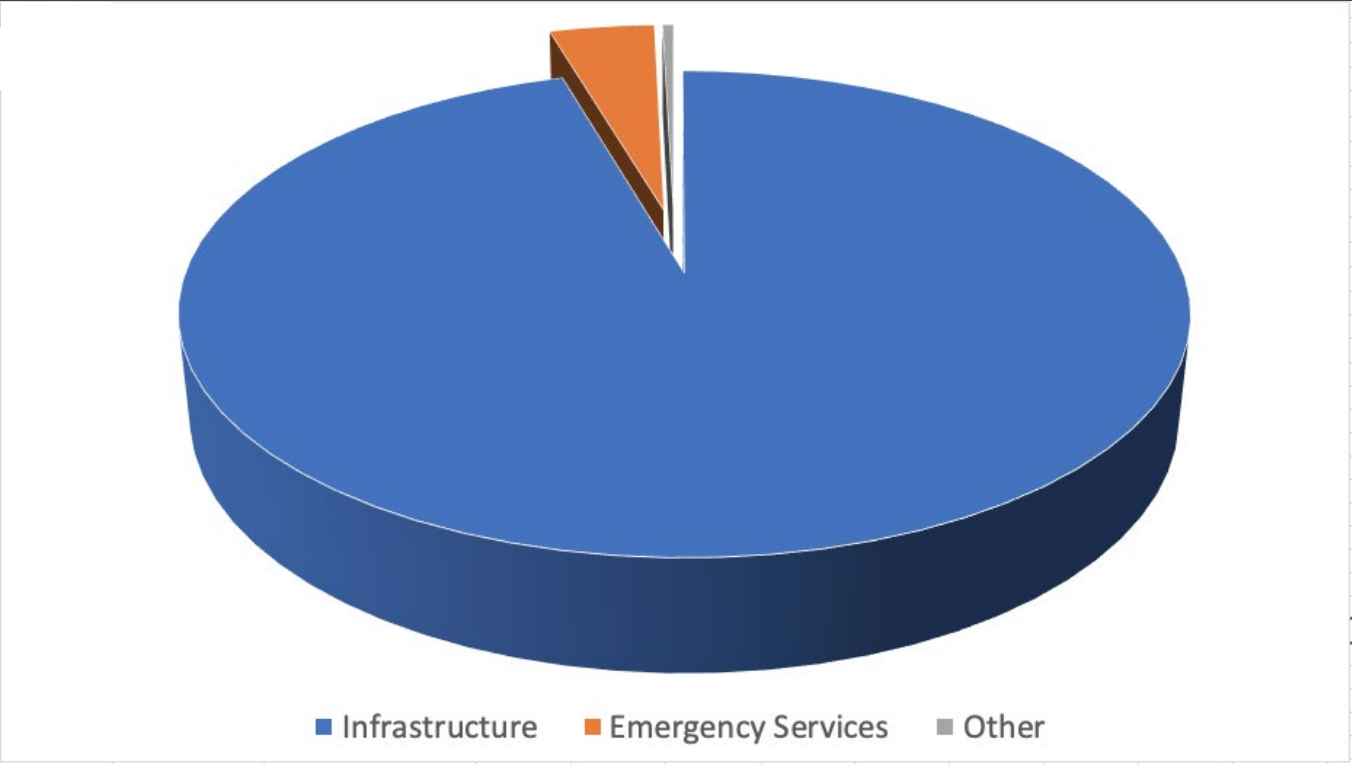
- 3.2: Workforce Housing
- 3.2: Property Tax Relief
- 3.2: Police and Protective Services
- 3.0: Marketing to Increase Resort Tax Revenue
- 3.1: City Buildings
- 2.7: City Services - Such as Resort Tax Enforcement, Clerks, City Hall, Courts, Legal
- 2.8: Local Event Funding/Grants

WHAT'S NEXT

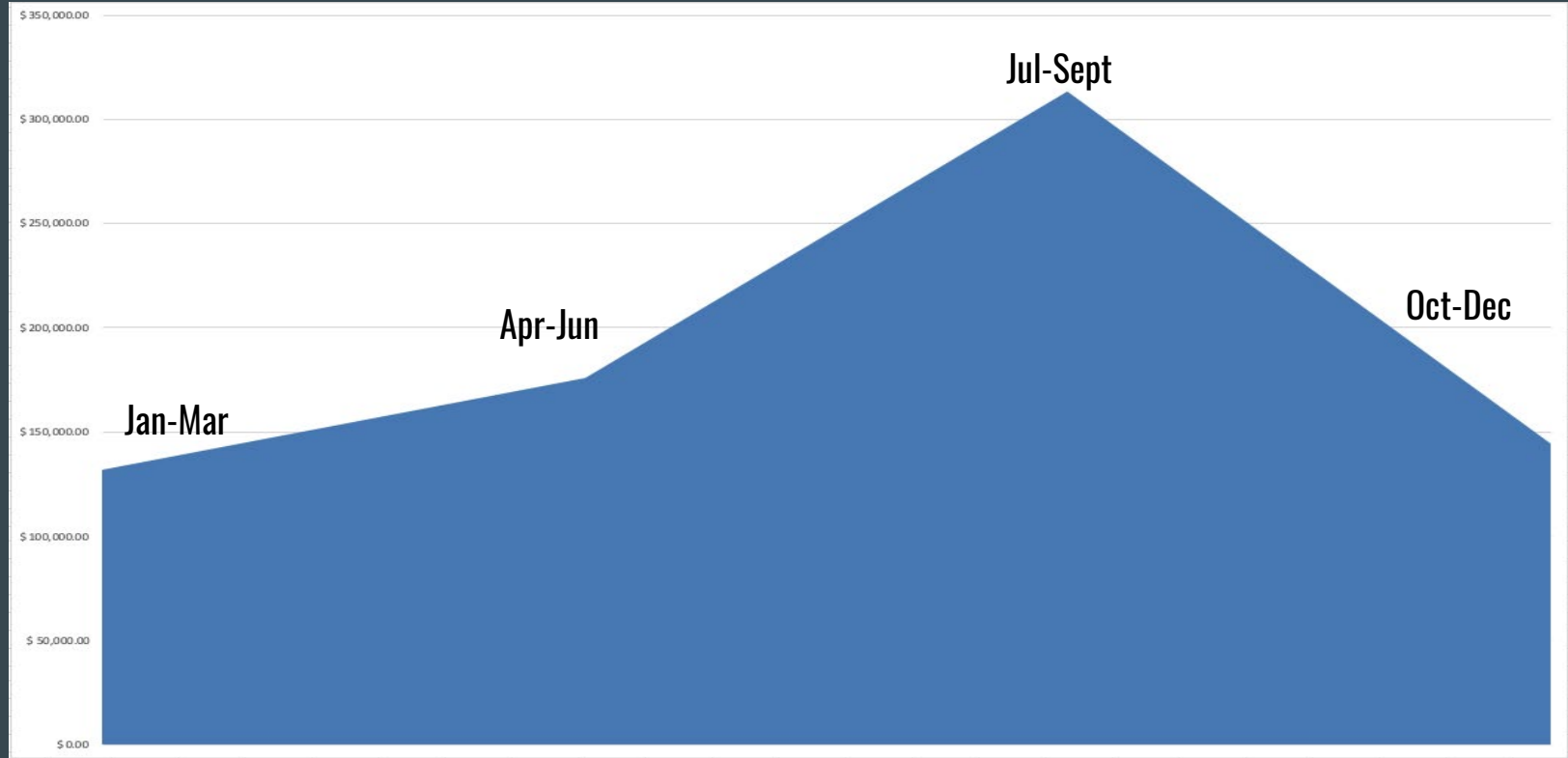
EXPENDITURES BY ITEM



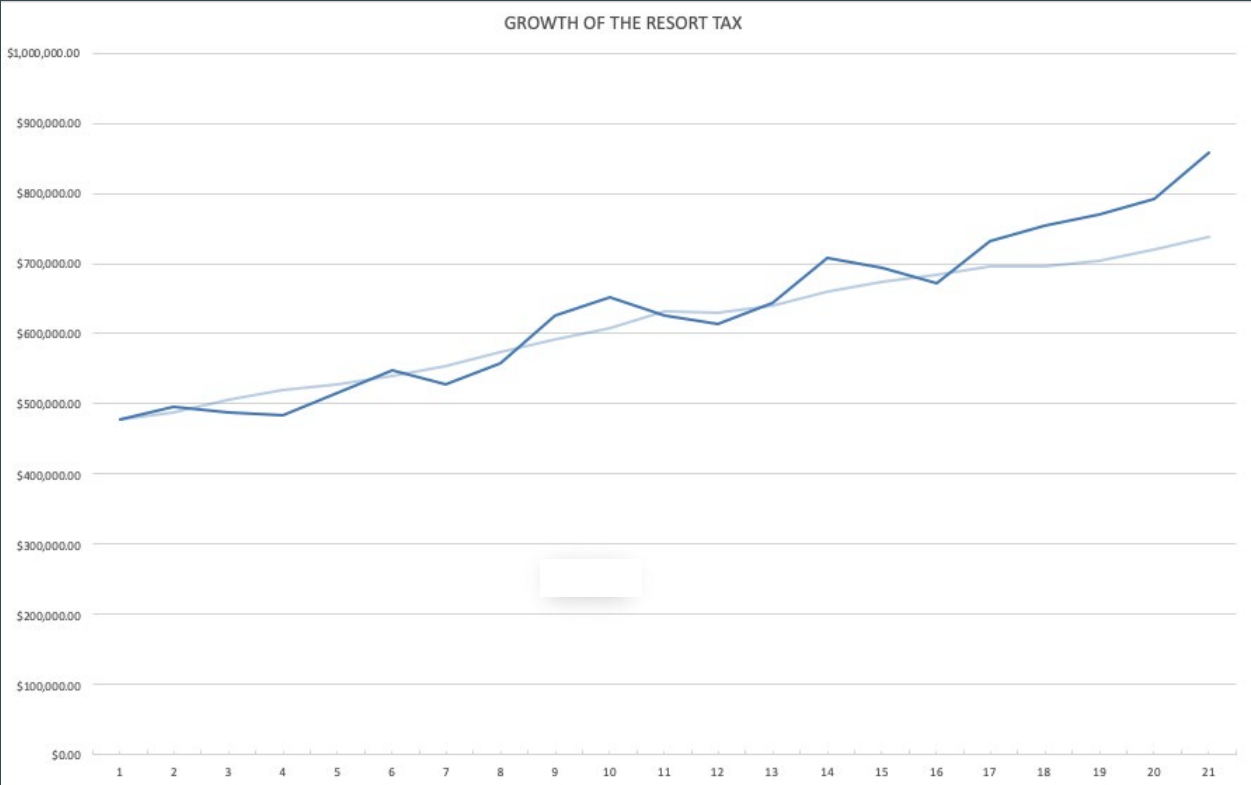
EXPENDITURES BY CATEGORY



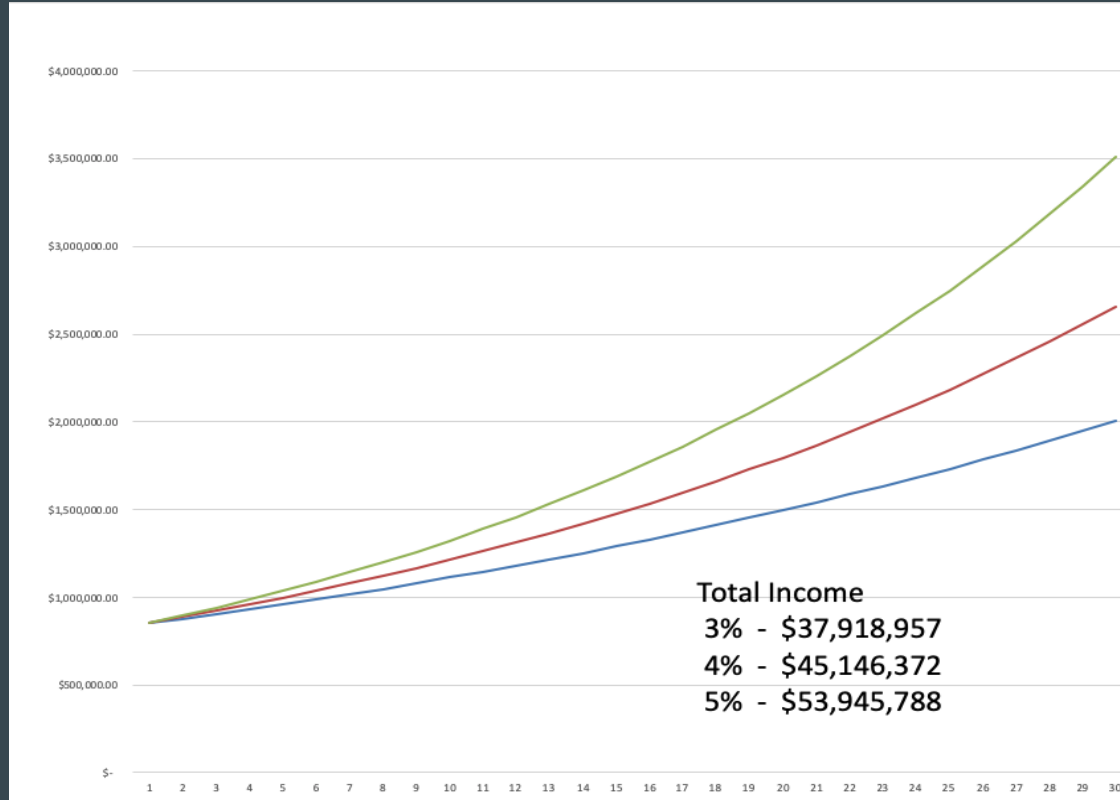
TOURISM ECONOMY



RESORT TAX GROWTH HISTORY



30 YEAR GROWTH



Do you think Red Lodge would benefit from adding 1% to the Resort tax for improving storm water?

Yes

No

Not Sure



Resort Tax Advisory Board

The City Council shall appoint a five member Resort Tax Advisory Board to advise the Red Lodge City Council on the Resort Tax budget.

The board will review expenditures to help ensure the appropriate use of resort tax funds. In this capacity, the board will perform an accurate and timely analysis of community needs and priorities while engaging and educating citizens and stakeholders on community needs and priorities related to the Resort Tax.

Recommendation

(Subject to revision)

5% _____ A. Property tax reduction for taxpayers of the City in an amount equal to five percent (5%) of the Resort Tax revenues derived during the preceding fiscal year;

95% _____ B. All remaining tax revenue collected must be utilized for capital improvements, operations, and maintenance to streets, alleys, roads, sidewalks, the municipal water and sewer system, the pool, parks, recreational facilities, as well as for community services, tourism infrastructure, and emergency services.

Comments and Questions