



## TOPIC #1 - Concern About Taxes

January 30, 2023

There is a *perception* that property taxes will either immediately or eventually increase once Keystone incorporates. If we incorporate, **only a vote by registered voters in Keystone could raise taxes**. Currently, Keystone taxpayers are at the mercy of voters in ALL of Unincorporated Summit County, which imposes taxes on unincorporated areas of Summit County, including Keystone.

Keystone, as a resort community with a large sales tax base and thousands of rental units, is in a unique financial position in that Keystone has existing sources of revenue BEFORE it would ever look to implement a property tax.

### Funding Town Operations

- Keystone is a "Tax Exporter," and currently sends Summit County over \$9.5 million in annual revenue.
- The town would receive over \$4.9 million annually in existing revenue that currently goes to Summit County.
- It would cost under \$3.1 million annually to operate the town, leaving a healthy reserve.

### Funding Future Financial Needs & Growth

Concerns have mentioned that once incorporated, there will be needs for additional revenue to fund projects the town wants to implement. The benefit of incorporation is that we will have a means to *finally* get some potential needs funded. Funding could come from a lodging tax and a lift ticket tax.

### Lodging Tax

- Before January 1, 2023 Keystone had NO local tax on lodging
- As of January 1, 2023, *Unincorporated Summit County Voters* imposed a 2% lodging tax in all unincorporated areas, including Keystone. Incorporation would remove that tax in Keystone.
- Surrounding towns have a town tax rate between 5.8-13.75%. **There is room for a lodging tax without impacting Keystone short term rental competitiveness.**
- Lodging taxes are paid by visitors in hotels and STRs (short term rentals), **Not residents and property owners.**
- If incorporated, a voter approved 2% lodging tax (like the county has implemented) could generate approximately *\$1.4 million in annual revenue for the town*, instead of for the county.

### Lift Ticket Tax

- A lift ticket tax could be voted on by Keystone residents to require the Resort to give a portion of lift ticket and pass sales to the Town of Keystone.
- The towns of Vail and Breckenridge receive millions of dollars from Vail Resorts to support the towns.
- Keystone does not have a lift ticket tax.
- Lift ticket taxes are only available to **Home Rule Towns**