

Frequently Asked Questions SMART Ballot Question 3-A

How was the decision made to put a question on the ballot this November?

The decision to move forward with development of the ballot language under consideration was driven by the identified financial needs of the future, and the need to put a plan in place to address those needs. Discussions of how those needs would ultimately be met through the ballot development process were guided by the expressed values of the Gondola Leadership Committee (comprised of members from the Town of Mountain Village, Town of Telluride, San Miguel County, Telski, TMVOA, and SMART) and was further refined by regional polling and stakeholder input.

Recognizing the overwhelmingly positive economic, environmental, and social benefits that the gondola provides to the region, it was determined early on that “doing nothing” about securing ongoing funding for the gondola post 2027 was not an option. Furthermore, it was recognized that the gondola should remain fare-free to users in the future, and that any increase in taxes to fund the ongoing operations of the gondola should be spread across multiple user groups. To that end, every entity involved in this process “gave” a little in negotiating the final tax mix being considered. One entity didn’t want to see any sales tax increase. Another didn’t want to see any lodging tax increase. Yet another didn’t want to see any property tax increase. In many ways the proposed ballot language and revenue mix can be considered a “grand bargain”, where every entity involved has compromised and made concessions from their initial positions.

Working through a consensus driven and collaborative process, the Gondola Leadership Committee publicly deliberated on the mix of taxes starting nearly a year ago in October of 2023. This topic was further discussed and debated at the open public meetings in January, March, April and May of this year. The specifics of the ballot language, how the funds would be used, etc., were most recently discussed at the July 2024 Leadership meeting, which was also open to the public.

What will the passage of this ballot question do for the SMART District?

The proposed ballot measure will ask voters to approve a mix of funding sources estimated to generate \$8.2 million beginning in 2025, with additional amounts raised annually thereafter. It will ensure that the Telluride-Mountain Village gondola has operations and maintenance funding of approximately \$7.2m annually starting in 2027, with the remaining funding going to support other SMART services.

How will the revenue be used?

- To continue gondola service between Telluride and Mountain Village beginning in 2028, a critical link for local workers commuting between towns, helping to fuel the local economy;
- To reduce road traffic and greenhouse gas emissions by providing a reliable, car-free transportation option;
- Funding collected in 2025, 2026, and 2027, will be used to set up a gondola operations and capital reserve at SMART, to be used to sustain future operations and support a portion of the future rebuild of the gondola system;
- To maintain and improve SMART's bus transit system to enhance regional connectivity.

87.8% of the new revenue will be dedicated to the gondola's ongoing operation beginning in 2028, including maintenance and future capital improvements, while the remaining funds will support SMART's broader mission of enhancing regional transportation options and related infrastructure.

What is the ballot language?

SHALL SAN MIGUEL AUTHORITY FOR REGIONAL TRANSPORTATION ("SMART") TAXES BE INCREASED \$8,200,000 IN 2025 AND BY WHATEVER ADDITIONAL AMOUNTS AS ARE RAISED ANNUALLY THEREAFTER, FOR THE PURPOSE OF MAINTAINING AND IMPROVING GONDOLA AND SMART TRANSPORTATION SERVICES, INCLUDING:

- PROVIDING NECESSARY FUNDING TO CONTINUE GONDOLA SERVICE BETWEEN TELLURIDE AND MOUNTAIN VILLAGE AND PREVENT A SHUTDOWN OF THE GONDOLA AFTER DECEMBER 31, 2027;
- CONTINUING TO PROVIDE GONDOLA SERVICE THAT REDUCES TRAFFIC AND GREENHOUSE GAS EMISSIONS; AND
- MAINTAINING AND IMPROVING THE LEVEL OF SMART'S BUS TRANSIT SERVICE;

WITH 87.8% OF THE NEW REVENUE RAISED ANNUALLY PURSUANT TO THIS QUESTION BEING USED FOR THE PURPOSE OF FUNDING GONDOLA CAPITAL IMPROVEMENTS AND PAYING FOR THE OPERATION AND MAINTENANCE OF THE GONDOLA AND WITH THE REMAINING NEW REVENUE BEING USED BY SMART FOR PURPOSES CONSISTENT WITH ITS MISSION, FROM THE LEVY OF A VISITOR BENEFIT TAX OF UP TO 1.25% ON LODGING, AN ADDITIONAL SALES TAX OF UP TO 0.82% (8.2 CENTS ON EACH \$10.00 PURCHASE) AND AN ADDITIONAL MILL LEVY OF UP TO 1.336 MILLS; AND SHALL ALL AMOUNTS RECEIVED BY SMART FROM SUCH TAXES AND ANY OTHER REVENUE SOURCES AND THE EARNINGS THEREON BE COLLECTED AND SPENT WITHOUT LIMITATION OR CONDITION AS A VOTER-APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO

CONSTITUTION, OR ANY OTHER LAW?

If the ballot passes, what would the revenue generation look like and what are examples of how this would increase the cost of lodging, sales, and property tax for the taxpayer?

Lodging Tax of 1.25%, which is anticipated to generate \$1,983,407 annually.

- Example: \$6.25 on a \$500.00 hotel room

Sales Tax of 0.82%, which is anticipated to generate \$4,596,350 annually.

- Example: \$0.82 cents on a \$100.00 gift
- IMPORTANT: Sales tax exemptions will remain in place for essential goods (e.g., groceries)

Property Tax of 1.336 mills, which is anticipated to generate \$1,620,243 annually.

- Example: \$100.00 yearly per million dollar residential property valuation

Arguments for this ballot question?

- The ballot package secures the projected costs associated with gondola operations and maintenance post-2027;
- Meets the requirement to set up a gondola reserve fund at SMART;
- Meets the need to begin aggregating some capital funding for the eventual replacement of the gondola; and
- Meets needs associated with sustainably expanding and supporting SMART's other services.

Arguments against this ballot question?

- This is a complex ballot question and the compromise is imperfect..
- The question authorizes tax increases for a variety of taxes..
- The ballot question does not require proportionate or pro rata decreases if any of the taxes are decreased.