On June 20, 1863, William Hickman and Harry Rickards started operating a ferry across the Snake River in the eastern part of Idaho Territory. The ferry was intended to accommodate heavy traffic caused by a gold rush to the north, in an area that would become part of Montana Territory the next year. Because the ferry ran just upstream from a large lava rock with an eagle's nest above it, it was known as the Eagle Rock Ferry.

A year after the ferry began service, J. Matt Taylor—in partnership with W. F. Bartlett, and Edgar M. Morgan—established a road, bridge, and ferry company that acquired the Eagle Rock Ferry and replaced it in 1865 with a bridge eight miles downstream across a narrow lava gorge. (Taylor's full name was James Madison Taylor; he was related to United States presidents James Madison and Zachary Taylor.) The bridge became known as Eagle Rock Bridge, and the town that grew up next to it was at first called Eagle Rock. On July 1, 1891, the community was renamed Idaho Falls.