

**DES MOINES AREA REGIONAL TRANSIT AUTHORITY ALTERNATIVE FUNDING
ADVISORY COMMITTEE
NOVEMBER 18, 2022**

The Meeting of the Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee was called to order by Director Scott Marler at 10:02 a.m. on the 18th day of November 2022, in Room 102 in the State Capitol, 1007 East Grand Avenue, Des Moines, Iowa. Present were Director Scott Marler, Iowa DOT, Co-Chair, Director Kraig Paulsen, Iowa Department of Revenue, Co-Chair, Supervisor Steve Van Oort, Polk County Board of Supervisors, Councilperson Kelly Whiting, Ankeny City Council, and Mayor Paula Dierenfeld, City of Johnston (DART representative). Also in attendance were *Ex-Officios*, Brian Best, Iowa House District 12, and Senator Janet Petersen, Iowa Senate District 18. *Ex-Officios* Marti Anderson, Iowa House District 36 and Brad Zaun, Iowa Senate District 20 were absent.

WELCOME AND INTRODUCTIONS: Introductions were performed.

APPROVAL OF OCTOBER 7, 2022, MINUTES: Moved by Councilperson Whiting, seconded by Mayor Dierenfeld to approve the October 7, 2022, Minutes.
Vote on Motion: 5-0. Motion passed unanimously.

LOCAL OPTION SALES TAX AND HOTEL/MOTEL TAX OVERVIEW: Tim Reilly, Policy Director, Sales and Excise Tax, Iowa Department of Revenue explained he wanted to give a brief overview on Local Option Sales Tax and Hotel/Motel Tax. He stated that the information being presented was for general educational purposes only and nothing should be construed as legal advice.

Mr. Reilly explained that in 2018, changes were made to the Local Options Sales Tax. The Legislature agreed that a one percent local tax be applied to same transactions subject to state sales tax. The Local Option Sales Tax is completely administered by the Department of Revenue. In order to impose any Local Option Sales Tax, the request has to be put on a ballot proposition. The ballot proposition must name the approximate amount of LOST revenues that will be used for property tax relief and contain a statement as to the specific purpose or purposes for which the revenues shall otherwise be expended. Any LOST monies may be expended for any lawful purpose of the City or County and that includes but is not limited to expenses related to providing emergency medical services. Mr. Reilly mentioned that Ankeny and Polk County do not impose Local Options Sales Tax. A couple of examples (Des Moines and Johnston) were reviewed as to what language has to be included on a ballot to incorporate a Local Option Sales Tax. It was pointed out that on the Des Moines LOST expenditures table FY2022 was higher because the Department of Revenue made a \$19 million adjustment due to previous errors that were found within Polk County.

Mayor Dierenfeld commented that the Resolution for the city of Johnston stated at least 50% be used for property tax relief and the remainder for the public purposes specifically identified on the ballot, because it was important to the residents of Johnston to be clear on what the monies would be used for. She mentioned that it was important for the city of Johnston to be transparent.

It was asked if any of the ballots specifically stated that the funds would be used for public transportation. Mr. Reilly stated he did not see any. Director Paulsen stated that if public transportation fits within the description, then the funding could be used. Mr. Reilly stated that as long as it is stated in the resolution and cities can come back for an amendment.

Councilperson Whiting questioned if the initial 50% was required for property tax relief and if that portion would be applicable to DART funding. Mr. Reilly explained that the property tax relief is not defined, and he is not sure how the cities come up with their number.

Mr. Reilly then reviewed the Hotel/Motel Tax. He mentioned that local tax up to seven percent can be applied to the same transactions subject to state Hotel/Motel Tax. Any locally imposed Hotel/Motel Tax is in addition to the five percent state Hotel/Motel Tax (which is deposited in the States General Fund). Each city or county imposing a local Hotel/Motel Tax shall use at least fifty percent of revenue for “acquisition of sites for, or constructing, improving, or maintaining of recreation...or entertainment facilities...” It was mentioned that all 12 DART jurisdictions contribute portions of local Hotel/Motel Tax revenue to Bravo Greater Des Moines. It was brought up that the numbers to the Bravo Greater Des Moines have gone up throughout the years and maybe it was time to start shaving some of the amount.

Councilperson Whiting commented that the legislature explored options on taking over the Local Options Sales themselves instead of local cities having to. Legislature had discussed having a more uniform cost and how it was to be distributed. Mr. Reilly stated that if that was done it would cause a loss across the state, but it would eliminate the discrepancy for Ankeny.

PUBLIC SURVEY RESULTS: Iowa Department of Transportation (DOT), Public Transit Director Kristin Haar reviewed the results of the DART Funding Study survey that started October 7, 2022, and closed on November 4, 2022. There were 567 survey responses received. She explained that the questions for the survey were created by DOT and DART staff. The results of the survey can be found at [Documents and resources | DART alternative funding \(iowadot.gov\)](#). It was pointed out that the top three commented themes were to: 1) Increase passenger fares, 2) Car tag renewal/registration fee, and 3) Tax corporations/businesses/developers. Ms. Haar stated that a Board Member from the Iowa Hotel and Lodging Association sent an email in opposition of using the Hotel/Motel Tax for public transit.

Director Paulsen inquired if any demographic information was obtained. Ms. Haar commented there was not as it was a non-scientific study.

DISCUSSION OF FINAL REPORT CONTENTS: Director Marler reminded the Committee that they were tasked by the legislature to establish this Advisory Committee. The legislature had given the committee two charges. One was to study methods to increase funding for DART that are an alternative to an increase in property taxes. The second charge was to submit a report to the legislature by December 15, 2022. He mentioned that there have been two meetings where a lot of information was gathered and listed all the ways information had been gathered. He commented that there was no need to recreate what has already been done and felt it would be appropriate to write a brief report regarding all the work that has been done and attach the various studies that were conducted to the report. Director Marler asked that the DOT and the Department of Revenue

staff summarize all the information into an addendum. The summary will serve as the Report to the General Assembly by December 15.

Mayor Dierenfeld stated that the issues discussed are challenging and believed staff have used their time well to gather together prior studies and additional information. Her concern was that in the two meetings that have been held there has not been enough time to analyze all the information and to come up with any specific recommendations. She agreed that the information should be provided to the legislature and that they be encouraged to review it and to continue the discussion. She said she believed that everyone can agree that there is a funding problem that needs to be fixed, but there is no easy solution. She concluded that she did not feel the committee was in a position to make any specific recommendations at this time.

Senator Petersen asked that the Medicaid information be included in the report to the legislature.

Director Paulsen agreed with everyone's comments and would be comfortable putting together a packet of the information gathered.

Supervisor Van Oort stated the information gathered and the history. He appreciated the outline of the local options sales tax. The information gathered was good and not too overwhelming.

Councilperson Whiting stated that while no specific recommendation could be made regarding hotel/motel tax as there is a difference in opinions; however, felt the committee could agree on the Medicaid funding issue. She suggested that there be a specific recommendation for Medicaid.

Moved by Mayor Dierenfeld, seconded by Van Oort, to provide the legislator with the Advisory Committee's finding and encourage the legislature to review them and continue to have a conversation, but to not make any recommendations at this time.

Vote on Motion: 5-0. Motion carried unanimously.

Representative Marti Anderson joined the meeting at 10:45 a.m.

ADJOURNMENT: 10:47 a.m.