

Utah League of Cities and Towns
Legislative Policy Committee Minutes – March 4, 2019, 12:00 p.m.
Utah State Capitol, Senate Building Room 210 (and Zoom webcast)

1. Welcome, introductions, logistics, and adoption of February 25, 2019 minutes, ULCT 1st Vice President Mike Mendenhall. Mike welcomed former Provo Mayor and ULCT President, current U.S. Congressman John Curtis.
2. ULCT communications efforts
 - a. City videos on growth and housing affordability– ULCT Director of Communications and Training Susan Wood highlighted the Commentary published in *The Salt Lake Tribune*, “A critical need for improved transportation and planning in southwest Salt Lake County” by Bluffdale Mayor Derk Timothy, Copperton Mayor Sean Clayton, Herriman Mayor Pro Tempore Jared Henderson, Riverton Mayor Trent Staggs, South Jordan Mayor Dawn Ramsey, and West Jordan Mayor Jim Riding. Susan stated that the League has now created 65 videos to post during the session thanks to the help from ULCT members. These videos have reached over 40,000 people on Facebook and engagement and likes of posts are increasing significantly.
3. Legislative items:
 - a. ACTION: Tier 2 retirement changes– SB 129: Public Safety and Firefighter Tier II Retirement Enhancements – ULCT Executive Director Cameron Diehl stated that over the interim, the League will continue to work on public safety, collecting data on how cities are investing in public safety. ULCT Senior Policy Advisor John Hiskey gave an overview of SB 129. The original bill provided \$5.3 million the first year to fund enhanced public safety retirement benefits for state and local public safety officers with up to \$3 million from the Insurance Premium Tax growth and the alcohol beverage tax growth to cover state funding of public safety retirement. On February 25, 2019, LPC reaffirmed its position to oppose SB 129 unless fully funded. On February 26, 2019, ULCT and Utah Association of Counties (UAC) sent a letter to the Senate explaining the position on SB 129. Later that day, the Senate voted by voice vote to remove all ongoing funding. On February 27, ULCT and UAC staff met with Senator Harper, Representative Perry, and law enforcement representatives. On February 28, UAC’s policy committee voted to support SB 129. The current SB 129 proposal reduces the employer contribution from 16% to 14%, requires an interim study of the retirement system and funding, and requires a position of *support* from UAC and ULCT. Bountiful City Manager Gary Hill clarified that the proposed version of SB 129 puts the responsibility of half the increase on employees and the other half on cities. Over the course of the year, a study would be conducted to look at public safety retirement. Without support of the proposed compromise, Representative Perry stated they had the votes to pass it out in its current form. John asked if LPC can support SB 129 with an amendment capping contributions at 14%. ULCT Director of Policy Wayne Bradshaw stated that Gary sent out a survey to all City Managers for information on public safety retirement. Twenty-

three cities responded and cities are spending over \$173 million on public safety each year, on average, 22% of a city's general fund. ULCT President and St. George Mayor Jon Pike stated that the League will not get the optimal solution and the League should now support the bill as it will be amended to 14% in order to reframe and recommunicate city support of first responders. Mayor Pike moved that LPC support SB 129. The motion was seconded. West Jordan City Attorney Rob Wall stated that ULCT should consider who will conduct the interim study. An LPC member asked if the interim study will be specific to public safety or if it will be broadened to all public employees. An LPC member asked if we're limiting our negotiating team. Wayne responded that the legislators are interested in having support from ULCT and the bill will be amended to 14%. Kate Bradshaw asked if UAC is at 16% and ULCT passes a motion to 14%, does ULCT need to be on the same page as UAC? Wayne clarified that the 14% and interim study is the deal that will be accepted if we support it. LPC voted to support SB 129 with the understanding that 16% is moving to 14% and there will be an interim study with ULCT at the table. The motion passed unanimously.

- b. ACTION: HB 441 – Tax Equalization and Reduction Act – Cameron provided an update on tax legislation. HB 441 divides the local options into two categories: 1- the state rate and the local 1% with a hold harmless formula; 2- the 16 other local options. The state rate of 4.7% is cut to 3.9% in October of 2019, and to 3.1% in July of 2020. Excess money in FY20 and FY21 goes into an excess account with four possible uses: offset hold harmless losses; adjust the distribution formula; reduce state or local rates; and provide tax relief. The local option 1% is untouched in the current bill. Cities would receive what they received last year + a population component + a 2.2% CPI (minus food and energy). Additional revenue would go into the excess account. David Spatafore asked why there is a discrepancy between the population growth and the POS percentage? The bill currently categorizes all other rates without a hold harmless formula or excess account. All other local rates would drop at the same rate drop as the state to 83% in October 2019 and 66% as of July of 2020. Questions to consider include whether the 1% rate cut short-term hold harmless is the right course; what should the hold harmless formula be, and what should be investigated regarding the formula over the interim. An LPC member asked if this will pass out this session because of the huge unanswered questions. Cameron said that ULCT is operating under the premise that the bill will pass. ULCT doesn't want a bill to get momentum the last week of the session so the League is being proactive to address issues that impact cities and towns. West Bountiful City Administrator Duane Huffman asked what the League thinks about dropping the 1% rate while maintaining the hold harmless clause? Cameron responded that that is a possibility. Washington Terrace City Manager Tom Hanson asked if ULCT has a formula the League is bringing back to the legislators? Cameron said yes, ULCT staff and officers have been brainstorming half a dozen options. Any hold harmless formula or change in rates brings risks with it and we cannot calculate what the formulas mean and we cannot leave cities in the same spot. Lehi City Administrator Jason Walker asked when we talk about short, medium and long-term, is this referring to the first, second, and third year? Cameron said the short-

term is the next week and a half, the medium-term is the interim, FY20, and FY21, and the long-term is the sales tax base and rates into the next generation. Jason stated with more time we could find a better formula because Lehi will see double-digit losses. It feels like the excess fund is hedging too greatly in the fear of holding others harmless. Roger responded that these are the questions staff has been considering. There's no question that this is being rushed. An LPC member asked if October 2019 is a significant date. Cameron responded that it is an attempt to phase in new taxes. The LPC member stated that cities receive reports about data months later. Cameron said the tax commission needs time to implement the bill. Orem City Manager Jamie Davidson said that most of the conversation has been focused on the lockbox and this suggests that this may be about the lockbox and protecting interests by way of the lockbox rather than trying to find a solution that works for everyone. He asked if there is discussion about walking away from the lockbox to find an alternative to true up to where cities are in the future. Cameron responded that there is discussion on a better model. Representative Quinn wants language by tomorrow. Cameron asked for ideas to be shared with staff. An LPC member suggested ULCT support the tax bill in order to stay at the table and made a motion that LPC support the tax bill. Mayor Pike seconded the motion. Gary Hill asked if this is to support the concept of base expansion. Mayor Pike responded that this is to support the concept of base expansion. The majority voted to adopt the motion. Nays included: Murray Mayor Blair Camp; Grantsville City Councilwoman Jewel Allen; one additional vote from Grantsville; one vote from Bluffdale; two votes from Cottonwood Heights; two votes from Lehi; and two votes from Riverdale. Cameron thanked the League officers for meeting with the League staff and the Governor's Office and for their time investment on the issue over the coming week.

- c. ACTION: HB 119 – Initiatives, Referenda, and Other Political Activities – Cameron stated that the bill is still unfinished and the bill that passed out of Government Ops passed out with assurance from the bill sponsor that it is a work in progress and changes will be made. The bill creates a 20-day pause in a local initiative or referendum so a city can do a fiscal and legal analysis of the proposal. Geographic diversity is still in the bill. There is a rolling signature submission on an ongoing basis through the process, but signatures can be submitted electronically. Cities and elected officials and staff can use city email to answer specific inquiries. The concept is that a city employee can gather and prepare information that elected officials and the city can share in some form. The adjudicator role is transferred from the county clerk to the lieutenant governor's office, with an appeal to a district court. This bill reflects principles the League board developed. The LPC has ratified the position to support HB 119. Cameron welcomes all feedback on the communication piece so the League can get it right and can avoid allegations of violations of the Act.
- d. ACTION: HB 433 – Inland Port Amendments– ULCT Director of Government Relations Rachel Otto provided an overview of HB 433 and explained that it creates a hub and spoke concept where the port authority can extend to jurisdictions outside Salt Lake City. Extension requires both the consent of local government and the landowner. The port authority receives 100% of the tax

differential for 25 years and may be paid 100% for an additional 15 years with the time period running from the certificate of occupancy. The authority receives POS sales tax for out-of-state construction material delivered to the project area and this is a significant amount of money. A 10% housing allocation could be spent outside of Salt Lake City. Most problematic is the bill's prohibition on political subdivisions from suing the port authority. The League does not have a position at this point other than *amend*. We are supporting Salt Lake City in their negotiations on this bill. The bill may exacerbate the law that was passed last session. Last year, the League sent a letter to the Governor asking him to veto the bill. Over the special session, some of the League's concerns were resolved. Grantsville City Councilwoman Jewel Allen asked what advantages the bill could provide for jurisdictions out of the inland port territory. Rachel responded that a spoke in the hub could bring economic development to regions outside the Wasatch Front. An LPC member said that there doesn't seem to be any benefit for any city under the bill because cities must surrender all control with nothing in return. Another LPC member said someone can come in and "spoke" cities and compete with city development efforts. Rachel responded that they cannot do this without city consent. Lynn Pace of Salt Lake City said there will be a substitute bill either today or tomorrow. An LPC member asked if this is the first time the legislature has tried to prevent entities from suing a state agency? Rachel responded that she is not aware of any and this could possibly trigger constitutional issues. A mosquito abatement board member said that they are concerned about the public health impacts an inland port will impose on the state with incoming international shipments. An LPC member said that the bill violates every League principle and moved to oppose the bill. The motion was seconded. An LPC member asked if Salt Lake City wants some flexibility for their negotiations because a position to oppose might box in Salt Lake City. LPC voted to oppose HB 433.

- e. UPDATE: HB 411: Community Renewable Energy Act– Park City Mayor Andy Beerman, Rocky Mountain Power Vice President of Government Affairs Jon Cox, Park City Environmental Sustainability Manager Luke Cartin, and Salt Lake City Sustainability Program Manager Tyler Poulson gave an overview of HB 411 that allows communities to seek renewable energy. The legislation allows interested cities to pass a resolution to participate in a renewable energy program. The resolution allows utility companies to know there will be large investment for renewable resources. Consumers may opt out from renewable power. This will bring renewables in rural Utah. Tyler said that this partnership with Rocky Mountain Power helps communities seek renewable energy without shifting costs to other customers. An LPC member asked who opts out: customers or communities. Andy responded it is customers that can opt out. ULCT supports this bill.
- f. UPDATE: Other Legislative Issues by Staff and Membership – An LPC member asked the League's position on SB 181, Pari-mutuel Horse Racing. The member made a motion to oppose SB 181. The motion was seconded. The Bill Tracking will be changed to show a staff position of oppose.
- g. ACTION: Ratify Staff Positions – LPC ratified Bill Tracking staff positions.

4. Adjourn

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