

Utah League of Cities and Towns
Legislative Policy Committee Minutes – October 16, 2019, 11:30 a.m.
Capitol Hill, Senate Building Room 210 (and Zoom webcast)

1. Welcome, introductions, logistics, and adoption of September 9, 2019 minutes
 - a. ULCT 2nd Vice Pres. Dawn Ramsey welcomed the LPC. The committee adopted the draft minutes from September 9th, 2019. ULCT Director of Government relations Rachel Otto reviewed important upcoming dates.

2. Legislative items:
 - a. UPDATE: Tax reform
 - i. ULCT Senior Advisor Roger Tew briefed the LPC on the current status of the Tax Restructuring and Equalization Task Force. He stated that members of the task force were given a list of the policy options presented throughout the summer hearings and were told to select their priorities. The revenue forecast predicted a \$140 million surplus in the Uniform School Fund (income tax revenue) and a \$40 million deficit in the state's General Fund (sales tax and other revenue sources). Roger said he does not expect an HB441-like approach that applies sales tax to everything. Though, there are some services that may be taxed, they're likely not large revenue sources. The reapplication of sales tax on food is still in discussion. Another sales tax on gasoline is still in discussion as well. Roger stated that legislators have told him they're not committed to anything at this point but would like to see legislation passed. Everything is still on the table but there are no politically easy options.
 - ii. ULCT Executive Director Cameron Diehl explained that the organization's approach this far has been "strategic patience" and informing discussion, but ULCT may be asked to take a position soon. He suggested waiting to see what final legislation is been made available. Roger Tew emphasized that the "ripple effect" message (that any state changes to the tax structure will affect local governments) has been heard on the hill.
 - iii. Roger Tew was asked whether the policy question of removing the constitutional income tax earmark was an ongoing discussion. Roger said that the discussion is still moving and there are mechanisms to implement similar changes as well. Cameron Diehl added that the legislature has been identifying General Fund

revenue sources that are being spent on education. Roger was asked how much money could be freed up that way. He responded that it depends on how aggressively the legislature wants to pursue the policy and they'll ultimately confront the same policy question as the income tax earmark. Cameron Diehl wrapped up the tax discussion saying that ULCT scheduled a board meeting after the next task force hearing in case the league needed to take a position on pending legislation.

b. UPDATE: Water Audit Software

i. ULCT Director of Policy, Wayne Bradshaw, spoke to the LPC about two water bills. The first is The Water Loss Control Program, which will likely be sponsored by Representative Ballard. Draft legislation was adopted as a committee bill for the Legislative Water Development Commission and will likely be a high priority in the Governor's budget as well. The bill is centered around a software tool developed by the American Water Works Association which allows water providers to audit their systems and make corrections accordingly. The legislation would most likely require water providers that supply more than 3,000 residents to utilize this software, which is currently free, and report findings of the software to the state. Wayne continued to explain that the software allows providers to identify non-revenue water supply (leakages, excess water on parks, etc.) and provides a recommendation for the most cost-effective solution to the specific type and location of water loss. There have been two pilot programs conducted in Utah using examining 12 utilities in total. The bill would carry a \$1.5 one-time million appropriation to train participating providers on how to use the software. It would also build and fund a program to streamline reporting to DNR and provide ongoing training. Wayne added that the software training took an average of 70 hours of staff time to complete in the pilot programs.

ii. Wayne Bradshaw was asked if the participating cities in the pilot programs saw any benefits. He responded that cities were able to easily identify water loss at a very low cost. He was also asked what water systems use now. Wayne stated that no systems are required to perform audits now, but they are required to report water consumption data to the state. Because of a lack of uniformity there is some concern about the consistency of state-wide data. Some concerns were expressed about the impact state requirements might impose on small communities. Cameron Diehl

asked the LPC members to discuss the idea with their water staff and provide feedback to ULCT.

c. UPDATE: Water Banking

- i. Wayne Bradshaw presented on upcoming legislation that authorizes water banks to be created within the state. It applies some parameters on how they are established. He explained that ULCT has been part of the discussion and has provided feedback. The banks are entirely optional and don't adversely affect municipalities. The agricultural community was concerned about the possibility of a municipality condemning their water. To date, no municipalities in Utah has condemned a user's water rights. But legislators have said unless that concern is alleviated, they will run legislation to strip municipalities of their ability to condemn water altogether. The compromise language being discussed states that if a municipality uses a water bank, they cannot condemn a water right leased to the bank until five years after the lease has expired. The goal was to curtail a larger conversation about municipalities' abilities to condemn water. Wayne clarified that the rights must be perfected to be leased and that this is just a pilot program that will sunset after 10 years.

d. UPDATE: Commission on Housing Affordability

- i. ULCT Director of Government Relations Rachel Otto updated the LPC on the Commission on Housing Affordability. The discussion this year has focused around funding but there is still potential for other land use policies to be added to the legislation. Rachel acknowledged Dave and Ashley Spatafore's policy work over the summer to craft recommendations that meaningfully help low- and moderate-income individuals and families with housing costs. She reminded the LPC that the deadline for updating plans to be compliant with SB 34 is December 1, 2019 and the reporting requirement would begin the subsequent year. Earlier, Rachel mentioned, that she and other local government partners (including WFRC and several cities) presented to the Political Subdivisions Interim Committee on SB 34 implementation progress. She recognized Taylorsville for their excellent work on crafting their Moderate-Income Housing Plan.

e. UPDATE: Land Use Task Force

- i. Rachel presented the LUTF project list to the LPC, which includes boundary line process clarifications, gravel pit operations, and stormwater permits and LID. She explained that there are still a few

non-consensus items like changing the standard of review for land use appeals.

3. Legislative outreach

- a. Rachel Otto explained current ULCT outreach and early bill monitoring efforts. The legislature has already opened 800 bill files, which is a record for this time of year. She explained that the official bill tracking software can't start tracking legislation until the state's website starts publishing bill files. Until then, ULCT has created a Google Form for ULCT members to either report new information from their legislative meetings or request assistance on legislation they're working on. Rachel encouraged the LPC to either use the form or reach out to ULCT staff and let us know what your municipality's priorities are.
- b. Cameron Diehl added that ULCT staff presented the trend of increasing legislation to the Board of Directors. Cameron explained that the organization is working hard to address the issue of increasing bills and finite political capital. The goal is to effectively prioritize legislation so the LPC and the Board can budget political capital accordingly.

4. Other legislative issues from membership

- a. An LPC member asked for an update on Tier 2 retirement changes. Wayne Bradshaw explained that there would be a meeting the following morning to discuss the issue. Senator Harper is expected to instruct staff to look into potential revenue sources for the state to fund an expansion of the program.
- b. Cameron added that over the interim ULCT has been working on towing, vexatious GRAMA requests, transient room taxes, impact fees, and other local issues.
- c. The question was asked if there was any appetite for assessing impact fees for schools. Rachel Otto stated that Alpine School District brought the issue to the LUTF previously. Layton City Attorney Gary Crane explained that in 1997 the legislature deauthorized the fee because a city had an "astronomically" high fees in the views of some legislators. The school impact fees created financial inequities depending on where new schools were constructed. When the subject was broached in an interim committee this summer, the development community was adamantly opposed.

5. Adjourn

- a. The LPC adjourned