



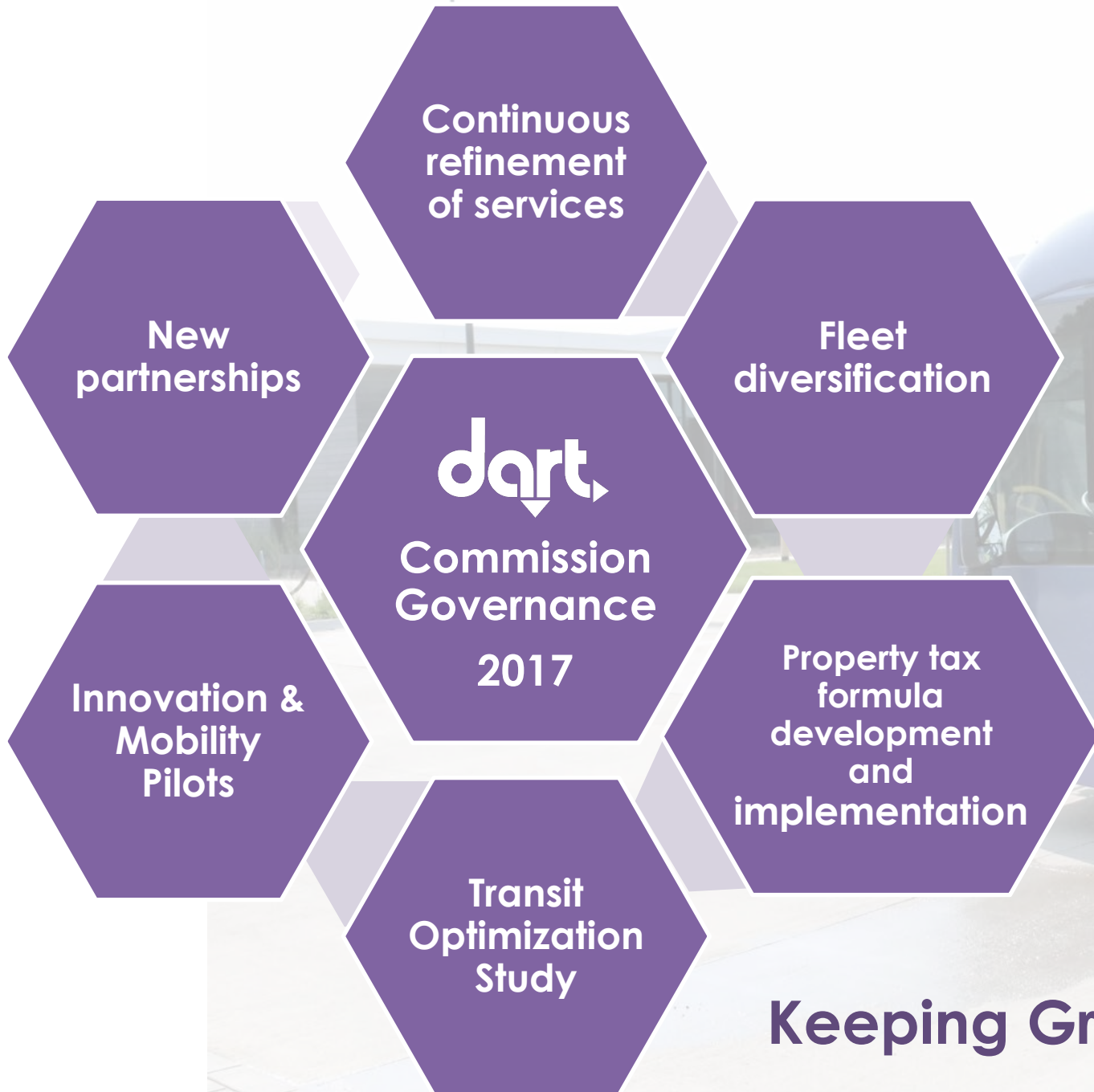
DART Funding Diversification - Local Option Transit Hotel-Motel Tax

Elizabeth Presutti, Chief Executive Officer

Erin Hockman, Chief External Affairs Officer

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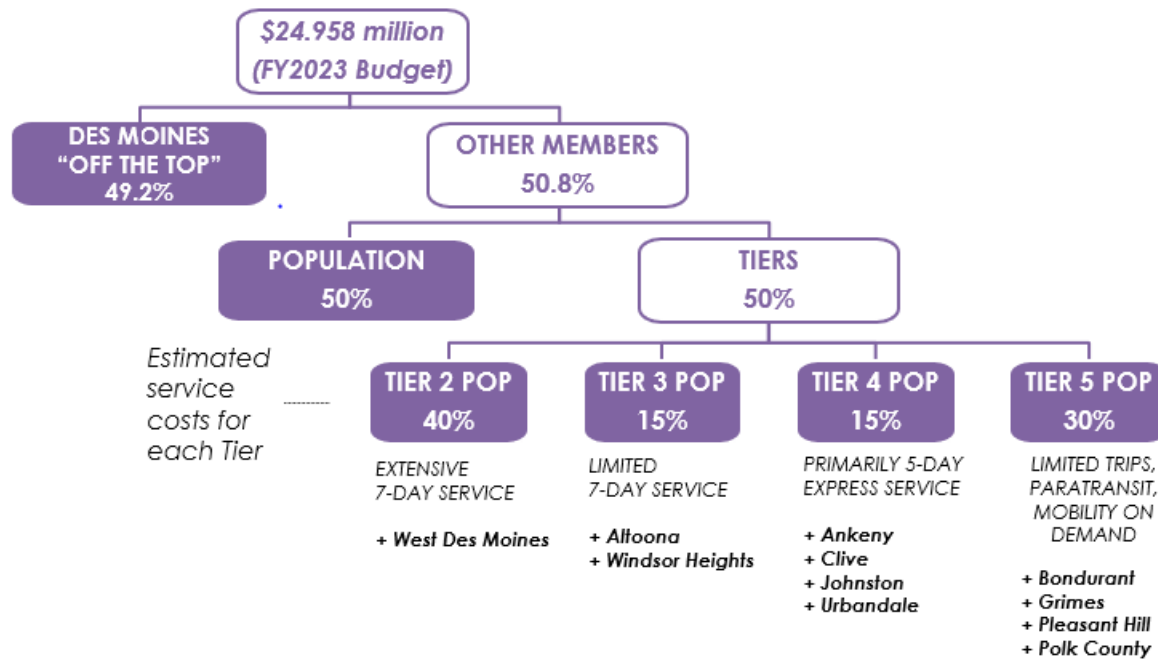
Enriching Lives, Connecting Communities, Expanding Opportunities



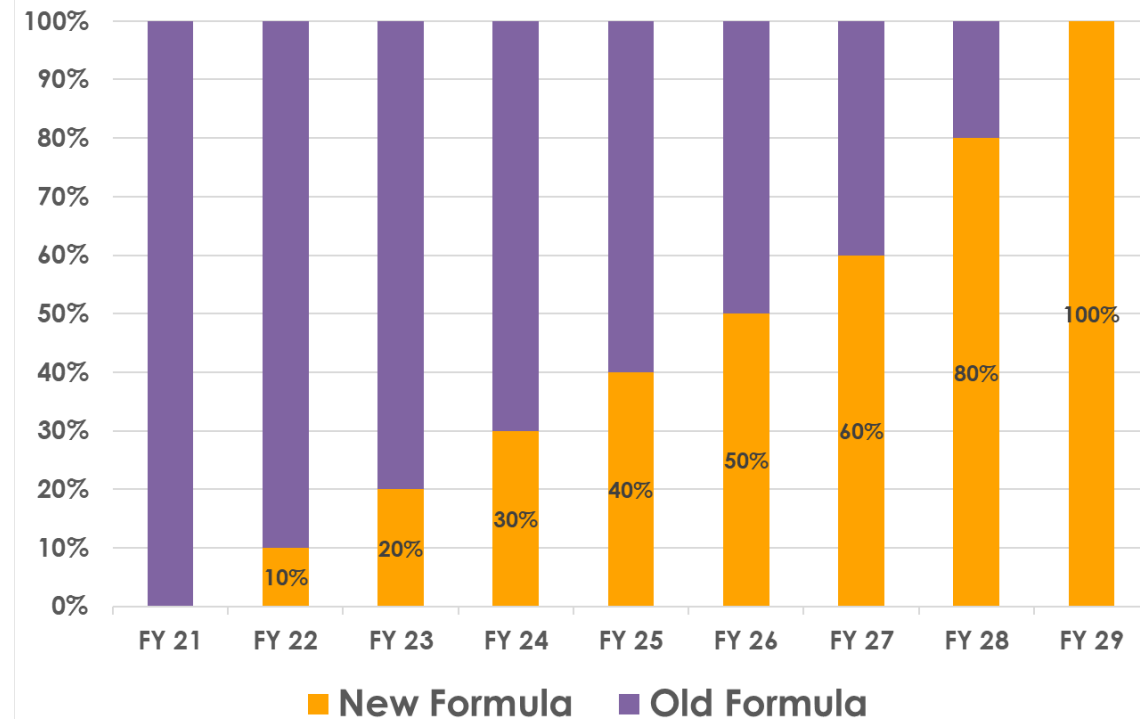
Keeping Greater Des Moines moving...

DART Property Tax Levy Formula Changes

Proposed New DART Property Tax Levy Formula

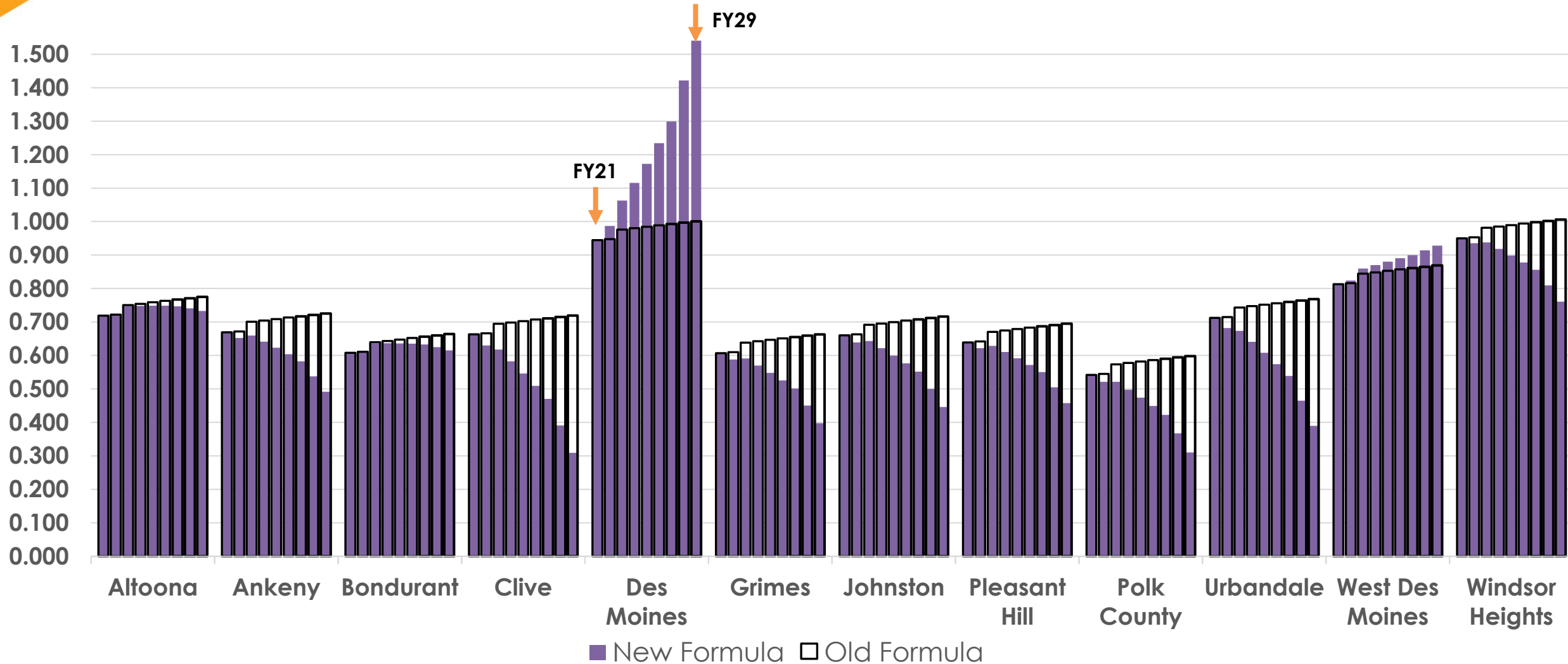


Proposed New DART Property Tax Levy Formula Phased Implementation



Estimated Levy Rates, FY21 – FY 29

Blended Phase-In





Funding Diversification

- ▶ Current focus is on a **local option transit hotel-motel tax**. This proposal was passed by the Senate during the 2021 session and included in the Governor's compromise tax package.
- ▶ Would allow for more rapid implementation of the property tax formula
- ▶ Communities could see levy rate reductions ranging by as much as \$0.10 to \$0.50 per \$1,000 valuation



How would a transit hotel-motel tax work?

- ▶ Provide transit systems the ability to seek voter approval of up to a 5% transit hotel-motel tax
- ▶ Provide a dollar-for-dollar decrease in the amount of property taxes collected through the levy
- ▶ Permanently lowers the **property tax cap** below \$0.95
- ▶ This is in addition to current hotel-motel tax structure, does not take away from other current uses

Transit Hotel-Motel Tax – Estimated DART Property Tax Impacts*

- ▶ Estimated hotel/motel sales in 2022*:
\$213 million
- ▶ Estimated 5% transit tax in service area:
\$10.6 million
- ▶ DART Levy impact:

FY22 total property taxes collected = \$23 million
Estimated hotel/motel tax = \$10.6 million
New total property taxes collected = \$12.4 million

With the new PTF fully implemented, some communities could see **levy rate reductions** ranging by as much as **\$0.10 to \$0.50**

*Based on FY 2020 actual taxable revenue amount

	FY 2023 Rate	FY 2023 Contribution	FY 2024 New estimated levy rate with hotel-motel tax & full implementation of new formula	FY 2024 New estimated contribution with hotel-motel tax & full implementation of new formula		Rate Difference	Contribution Difference
Altoona	0.719	842,156	0.449	525,221		-0.271	(316,936)
Ankeny	0.636	2,848,266	0.306	1,370,502		-0.330	(1,477,764)
Bondurant	0.601	221,689	0.354	130,316		-0.248	(91,373)
Clive	0.604	1,038,729	0.218	375,517		-0.386	(663,212)
Des Moines	0.95 (+780,778)	9,275,623	0.898	8,033,220		-0.139	(1,242,402)
Grimes	0.570	611,792	0.254	272,346		-0.316	(339,446)
Johnston	0.630	988,469	0.309	485,804		-0.320	(502,665)
Pleasant Hill	0.606	377,881	0.288	179,541		-0.318	(198,340)
Polk County	0.487	1,262,321	0.153	396,734		-0.334	(865,587)
Urbandale	0.656	2,312,146	0.261	920,169		-0.395	(1,391,977)
West Des Moines	0.839	4,940,519	0.596	3,505,363	-0.244	(1,435,157)	
Windsor Heights	0.936	238,459	0.553	140,989	-0.383	(97,470)	



What makes it an appealing proposal?

- ▶ Lowers property taxes and voters choose whether their communities wish to use this new tool
- ▶ Allows full implementation of DART's new property tax formula, aligning cost and benefit for DART member communities
- ▶ Permanently lowers the transit property tax levy cap
- ▶ Will offset state revenue losses including backfill phase out and decreased Medicaid reimbursement
- ▶ Maintains a competitive hotel/motel tax rate with surrounding states/metro areas



#1
Reason to
Ride DART
= WORK





How to help:

- ▶ Let your legislators and fellow local elected officials know that you support the effort to diversify public transit funding and lower the property tax burden
- ▶ Ask them to include the local option transit hotel-motel tax provision in their tax packages

Questions & Contacts

DART CEO Elizabeth Presutti

515-343-4921

epresutti@ridedart.com

**DART Chief External Affairs Officer Erin
Hockman**

515-499-3069

ehockman@ridedart.com

DART is represented by **PolicyWorks LLC**

Christopher Rants, John Cacciatore

515-224-8950