

MEMO

DATE: March 30, 2020 plus April 30 addendum

TO: All County Clerks

FROM: Alan Dornfest, Property Tax Policy Bureau Chief

SUBJECT: New Legislation – Guidance
Additional guidance on HB 587 re occupancy tax

Please note the *italicized* addition found on page 3 of this memo. Nothing else has been changed.

Legislation	Description	Guidance
HB 354 – Forgone amounts	Requires taxing districts to do a resolution to accrue additional forgone budget capacity.	<ol style="list-style-type: none"> 1. The resolution may be done as part of the district’s budget hearing or as a separate public hearing. A resolution is required each year and must be submitted to the county (and then to the STC) with the L2 form. Without the resolution, districts will retain previously accrued forgone amounts, but will not accrue additional amounts that year. There is no longer (as of July 1, the effective date) any provision for disclaiming forgone accruals, but they won’t happen automatically. 2. Under the new provision, districts may “reserve” all or part of their potential additional forgone amount, but must specify how much is being reserved in dollars. If they specify an amount that exceeds the available amount, the STC will notify you and the district of the revised amount. 3. Resolutions to accomplish this reservation must be dated July 1, 2020 or later.
HB 408 – Sales Tax Distribution Formula	Changes the formula for calculating distributions to cities and counties	<ol style="list-style-type: none"> 1. The bill changes future distributions to cities and counties, beginning with the October, 2020 2. For cities, all shares will be paid directly by the STC to the cities. There will be no share paid first to counties for distribution to cities. 3. For counties, all shares will be paid directly by the STC and this will be done separately from the money paid to counties for redistribution to special purpose taxing districts.

Legislation	Description	Guidance
HB 587	Changes the allocation of property taxes on increment in urban renewal revenue allocation areas (RAA) in some cases	<ol style="list-style-type: none"> 1. This bill affects allocation of some highway district property taxes on increment value, provided, <ol style="list-style-type: none"> a. The urban renewal RAA is formed or annexes the property related to the increment on or after July 1, 2020. b. The urban renewal agency does <u>not</u> have responsibility for maintenance of roads or highways within the highway district. c. There is no agreement between the urban renewal agency and the highway district for an alternate allocation of property tax revenue. 2. If all three of the above conditions are met, then property taxes paid based on the highway districts levy (or levies) applied to the appropriate property's increment value are to be distributed to the highway district, not to the urban renewal agency. 3. This possible reallocation does <u>not</u> change levy rate calculations for any highway district fund. 4. If there is an agreement, as in 1.c. (above), the agreement must be submitted to the county clerk by the highway district by Sept. 1 of a year to be in effect for that year. 5. If there are new (July 1, 2020 and later) RAAs or properties annexed to RAAs, please contact the urban renewal agency involved to determine if 1.b. (above) pertains. 6. None of the provisions of this legislation affect the allocation of property tax resulting from the application of county road and bridge fund levies. 7. Additional money allocated to highway districts is not considered property tax replacement and is not included in calculating the 3% (and related) limit.

Legislation	Description	Guidance
<i>HB 587 (addl)</i>	<i>Changes allocation of occupancy tax on increment in urban renewal revenue allocation areas in some cases.</i>	<i>As per above instructions regarding allocation of property tax to highway districts, occupancy tax is subject to the same allocation –ie: to the underlying highway district, unless the urban renewal agency provides for maintenance of roads or highways within the highway district. This new allocation of occupancy tax applies only to properties first occupied and subject to occupancy tax on or after July 1, 2020. For properties first occupied and subject to occupancy tax earlier in 2020, occupancy tax on property comprising increment in RAAs should be distributed to the urban renewal agency if that would have been done previously (ie: it was not based on special levies described in section 50-2908(1)). See rule 317 for further clarification.</i>
SB 1332	Ambulance fund and district levies	<ol style="list-style-type: none"> 1. Counties can continue to have an ambulance fund levy under 31-3903 only if they have levied under this provision sometime in the past (see attached list for our records of use of this fund back to 1995) 2. Ambulance districts formed prior to July 1, 2020 can continue to operate and levy property taxes under 31-3908. Levy limits are unchanged. 3. Ambulance districts formed on or after July 1, 2020 may levy under 31-3915 and 3918 (first year of organization only). The maximum levy rate under 31-3918 is 0.0001.