

**Joint Revenue Meeting Preparation**

**Meeting Notes**

**April 4, 2017 Conference call**

**Attendees:** President and Mayor Paul Brooks, Rick Kaysen, Laurie Heath, Mark Harris, Mayor Chris Schock, Krysti Dycus, Mayor Kelly Krakow, Mark Collins, Mayor John Wetzel, Jim Harmon, Charri Lara, Mayor Andi Summerville, Janine Jordan, Bob McLaurin, Kelley Millar, Barry Cook, Tracy Fowler, Scott Badley, Charlie Powell, Carter Napier, Lois Huff, and Mayor Bruce Jones

**Introduction** – The purpose of the call was to update on the JRC request to present at the May 11-12 JRC Interim meeting in Saratoga. We met as a member group to initiate discussion on ways to address the below questions asked by Chairman Madden. The outcome of the meeting was discussion on revenue generating options and how to look at short and long-term outlooks. A subgroup was formed to meet weekly to prepare the presentation.

1. What are alternative municipal funding ideas and data to support?  These may be those in our Municipal Finance Report or others we want to present
2. What is the short term fiscal outlook for cities and towns?  What is definition of short term to group? What are the comparative metrics that best tell that story?
3. What is the long term fiscal outlook for cities and towns?  If we assume the same economic trajectory, what will C/T financial picture be like in 1 year, 5 years etc.?  Do we assume with or without direct distribution or both?

 **Discussion**

The premise of JRC presentation is to build off the ideas in the October 2016 Municipal Finance Report, adding municipal revenue generating ideas. After reviewing data associated to the ideas, the option may or may not be presented to the JRC

General discussion was concern if the direct distribution would continue into FY19+ and if not replacement revenue could be considered. Attendees shared some ideas:

Mayor Schock (Clearmont) – stressed not to assume the DD would go away. He offered that an idea of what he calls the “Barometer tax” which would implement a state-wide tax if the LSRA fund dropped below a certain amount (ex. $500M) and would go away once the savings fund was back over a certain amount (ex. $1B).

Mayor Schock (cont). This increase in tax could be allocated to LG and education as needed in the state. He did not think a municipal tax within Clearmont was practical.

Mayor Brooks – He feels that if the DD goes away, then towns less than 700 would not be incorporated and the JRC should understand what that means if these towns do un-incorporate.

Mayor Krakow – would support a 1% statewide tax

Mayor Summerville – Suggested muni’s need to be realistic with revenue options and if they can replace or supplement the DD. Also, would like to see any statewide S/U disbursement based on population

Charri Lara – had ran some quick numbers on adding 1% back with current formula and would not compare to the DD. Provided a quick and dirty review of S/U via email, with only way to fill the DD is to give all the 5th penny to cities/towns.

Carter Napier – he suggested the recent “Madden formula was somewhat of a red herring and not a focus for this presentation. He suggested we offer suggestions related to sales and use tax. He also was concerned that if they did raise the statewide tax without looking at the distribution then could harm current levels.

Bob McLaurin – he suggested the 4% statewide and 3% option work for Jackson, didn’t see a municipal tax as a favorable option

Charlie Powell – supported 1% increase in statewide at the current distribution

Lois Huff – she stressed to look at the bigger picture and not to expect DD. Move away from dependency on the DD and suggested evaluating the sales/use and property taxes

Jim Harmon – if municipal tax option was added then state would need to consider if DOR would collect or if the local government. He felt the tax should be assessed on a local level. He also believes the state cannot cut off the DD without giving the locals some ability to raise the revenues locally.

Scott Badley (via email) – he suggested we communicate about increased local revenue control and the lack of control currently due to restricted statutes. Also, stressed that reductions in operational services can be achieved through consolidation and encouraged regionalization and consolidation (dispatch, fire districts etc.). Scott suggests incentives could be offered for consolidation; better use of taxpayer dollars. Suggests we include in our presentation to show local efforts and efficiencies.

Mayor McOmie (via email) – suggests a change to the cap or the cap amounts for the mineral royalties (FMR and severance) should be an option. The cap was set in 2001 and the DD was supposed to be the difference created by the cap.

**Summary of Revenue Generating Options from Discussion**

1. Increase statewide tax with current 30/70 distribution
2. Increase statewide tax with a different distribution (wishful but unlikely)
3. ‘Barometer tax’ -add taxes dedicated to local government and counties for a period of time that savings was depleted
4. Allow municipal tax with local vote
5. Allow municipal tax with council vote
6. Lift property tax maximum of 8 mils
7. Remove exemptions or add sunsets
8. Revise the distribution formula
9. Reduce unfunded mandate requirements – i.e. DEQ sampling
10. Consolidation of shared services with incentives or legislated
11. Increase the cap of funding allocated to state and LG
12. Change the cap amounts/percentages but leave cap

**Outlook data capture or scenarios**

1. Compare Year over Year (YOY) for past 5 years of S/U tax distribution
2. Collect/update from WAM members snapshot information like:
	1. Are you currently using reserves to balance budget?
	2. Do you anticipate future use of reserves if continue on same financial trajectory?
	3. What percent down is GF revenue
	4. Are you on a hiring freeze? Have you cut personnel?
	5. What actions have been implemented to reduce budgets and increase eff
	6. What do you use the DD funds for?
	7. If DD would go away, what essential services would be impacted?
3. Predict a cost trajectory out a certain number of years with consistent assumptions that other muni’s can follow. This could include costs to defer infrastructure maintenance, Carter Napier was going to provide
4. Compare property tax revenue plus S/U revenue to costs to provide essential services. (Laramie to provide their cost of government example)

The following WAM members agreed to meet weekly (Tuesday 2-3 pm) to compile and review data and prepare the presentation - Jim Harmon, Carter Napier, Kelley Millar, Janine Jordan (Laramie), Bruce Jones, Kelly Krakow, Chris Schock, and Lois Huff.

**April 11, 2017, Sub-committee Conference call**

**Attendees:** Rick Kaysen, Laurie Heath, Mark Harris, Mayor Chris Schock, Krysti Dycus, Jim Harmon, Kelley Millar, Carter Napier, Dave Derragon, Malea Brown, Lois Huff, and Mayor Bruce Jones

This meeting was a continued brain storming session of possible data summaries to support revenue options and discussion of what we want to present to JRC.

**Key messages from attendees:**

* Do not spend time on a new formula
* Do not assume no direct distribution but offer revenue generating tools to supplement
* Try to compare how increasing statewide tax may jeopardize or stress the local option
* Evaluate adding the ability for a municipal tax – what other states have this, are they vote run, can local electeds determine like the state can determine without vote
* What would be removing some exemptions mean to the overall fiscal picture?
* Concern that a statewide sales tax increase may not be beneficial for small towns with no retail outlets
* Authority provided to local government for taxing authority and collection authority as well
* Property tax mill increase would not help small towns

**Comparison Exercises:**

1. Compare property tax/muni to DD to raising 1% state
2. Determine amount of property tax or sales tax % would have to raise to fill gap of K-12 and LG
3. Determine the time for LSRA to replenish if implemented a 1% or .5% ‘barometer’ tax
4. Evaluate PILT concept (like franchise) – Jim Harmon will bring info to next meeting
5. Determine a trajectory model or analysis with current income trends, could consider for reduced S/U and without DD – Carter
6. General comparison to other states for municipal – Laurie will contact Sam at CML for their structure and examples
7. If increased the cap a certain %, keeping under the cap allocations the same
8. Increase the cap and change the under the cap percentages

**Action Items:**

WAM Staff

* + Prepare comparison of every municipality DD, property tax, 1% at current distribution, food tax replaced.
	+ Summary of % tax at current distribution to replace LG and K-12
	+ Summary of % tax at full distribution to replace LG and K-12
	+ Evaluate the dissolution process Title 15-1-1001 (6 sections)
	+ Basic presentation outline
		- Short intro
		- Status of Muni
		- Projected Status (2-3 years) with current conditions
		- Various Revenue Options
		- Next Steps

Carter Napier

* Revenue/Expenses trajectory model

Jim Harmon

* Info on PILT option

**April 18, 2017, Sub-committee Conference call**

**Attendees:** Rick Kaysen, Laurie Heath, Mayor Chris Schock, Jim Harmon, Kelley Millar, Carter Napier, Dave Derragon, Lois Huff, and Mayor Bruce Jones

Laurie began meeting updating the subgroup on the activity of the study. CBI, Anne Alexander, and Scott Badley will help prepare a report comparing municipal revenue options among the 50 states. The outline and scope will be sent to this subgroup for review as available. Laurie stressed the importance of similar messaging to the JRC and what this study will produce.

Laurie reiterated the request from Chairmen Madden and Peterson and noted the JRC agenda had been updated to add a topic referring to tax abatement by local governments for economic purposes. Rick gave an update to subgroup after discussing with Bob Tarantola. The intent is to incentivize businesses with reduced or no taxes for a period of time.

Rick gave update regarding his conversations with Chairmen Madden and Peterson on what WAM is to present. Madden wanted to know if muni’s planned to use the incremental tax options in recent legislation, thought municipal tax was worth exploring, as well as varying increases to the property taxes. He said he was worried about DD but that is why they are working on Option B. He also did not have a problem using LSRA funds. Chairman Peterson wanted WAM to explore idea of loans from State of Wyoming instead of investing their monies elsewhere. Rick will schedule a meeting to find out more information from Treasurer’s office.

**JRC Presentation**

Short term outlook – group agreed to send questions to members, use representative information in presentation but add a handout with all cities/towns that provided information

Long term outlook – Carter is working on this and will present at next meeting on April 26

Municipal Revenue Options – some data available to team

A spreadsheet was provided comparing the FY18 Direct Distribution payments to other annual estimates. The intent is to use this as an internal check if the option is viable to present. Presentation format of the quantitative data has not been determined. Data yet to be collected would be estimate of food tax, effect of 1% statewide at current distribution, effect of 1% statewide at 100% distribution and how much % tax would it take to meet education needs.

Options not listed in priority yet, can add pros and cons

1. Property tax evaluation – comparison of current mills and revenue to municipal; also, provided a multiplier to show increase needed to equal the DD amount.
	1. Future suggestions to statutorily increase the % of mills or the mills allowed
2. Municipal S/U tax – need a way to quantify. Charri estimated what an additional 1% at local option rate would be for the municipality based on 100%, 50%, and 30% receipt. Would this equate to a .3, .5, or 1% municipal tax?
	1. Cons – compromise existing local options and favors highly cities with larger tax base. Not a one size fits all
3. Increase statewide tax by 1% and evaluate the idea of implementing only if LSRA below $500M
	1. Data for 1% at statewide distribution
	2. Data to determine #% to fund the education annual gap
	3. Time to replenish if used to fund the LG and education
4. PILT options – Jim will prepare some ideas for next meeting
5. Increase cap for Severance Tax and for FMRs – see data to support, appears to be fair for all municipalities
6. Reduce unfunded mandates – discuss with DEQ
7. Remove exemptions – send to team

**Next meeting April 25, 2:00 pm**

* Draft outline of presentation
* Short term outlook responses
* Carter present long-term outlook
* Refine priorities and what options the team want to present