

HB 4164 A STAFF MEASURE SUMMARY

Carrier: Rep. Kotek

House Committee On Revenue

Action Date: 02/19/20

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 5-2-0-0

Yeas: 5 - Hernandez, Keny-Guyer, Marsh, Nathanson, Smith G

Nays: 2 - Owens, Reschke

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: Chris Allanach, Legislative Revenue Officer

Meeting Dates: 2/17, 2/19

WHAT THE MEASURE DOES:

Increases the maximum tax rate a metropolitan service district may impose from one percent to two percent. Requires revenue raised due to a tax rate above one percent be spent on assistance related to homelessness. Allows the service district to enter into contracts and agreements with other entities or governments to provide grants, loans or technical assistance. The higher cap applies to ordinances approved on or after May 1, 2020. Limits the amount that may be spent on administrative functions. Repeals changes on January 2, 2021.

ISSUES DISCUSSED:

- State partnerships with local governments
- Limited time applicability for changes
- Use of local funds to address housing shortage
- Cumulative impact of recent tax changes
- Differences between payroll taxes and income taxes
- The ability of citizens to vote on a tax increase
- The tools available to local governments for funding services

EFFECT OF AMENDMENT:

Allows the service district to enter into contracts and agreements with other entities or governments to provide grants, loans or technical assistance. Changes the effective date of the cap increase to ordinances approved on or after May 1, 2020.

BACKGROUND:

The one percent cap on an income tax has been in place since the establishment of Metro in the late 1970s.