

DART seeks to diversify funding and lower property taxes

DART is working hard at the Iowa Statehouse to earn legislative support of a proposal that would permanently lower property taxes for all of the communities that participate in DART. DART currently collects approximately \$23 million in property taxes from 11 cities and unincorporated Polk County. The proposal DART has developed with lawmakers is estimated to reduce what it collects in property taxes by over \$10.6 million, providing significant property tax relief to central Iowa taxpayers.

What is the proposal?

With the help of lawmakers during the 2021 legislative session, and in coordination with the Iowa Public Transit Association, DART assisted in developing a hotel-motel tax proposal. That proposal passed the Senate last session and was included in the Governor's tax package but did not get taken up by the House.

The proposal would do the following:

- Provide transit systems with the ability to seek voter approval of up to a 5% transit hotel-motel tax
- Provide taxpayers with a dollar-for-dollar decrease in the amount of property taxes collected through the levy based on the hotel-motel revenue collected in the first year of implementation
- Set a new, lower property tax cap, thereby permanently reducing property taxes

In Iowa, public transit is uniquely funded through property tax levies. This is the only funding source regional transit districts, such as DART, have available to them to absorb ongoing operating cost increases or revenue losses, including losses in Medicaid reimbursement and backfill revenue.

Recently, DART's Board of Commissioners went through an extensive process to update the property tax formula and determined that DART should aggressively pursue other funding options to reduce its reliance on property taxes. DART aims to do that by diversifying funding to include other taxes or fees that would allow for a reduced property tax burden on DART member communities. If the hotel-motel tax proposal is approved by the Legislature, and if local voters approve it during a referendum, DART would also immediately fully implement its new property tax formula, which has been scheduled for an 8-year phase-in period.

By pairing these two efforts together to lower the property tax burden, central Iowa taxpayers could experience significant relief, ranging from \$0.10 to \$0.50 per \$1,000 valuation. Any transit system in the state could take the proposal to their area voters to also lower their local property tax burden and diversify transit funding in their communities.

How can you help?

If you would like to see this proposal passed by the Legislature, you should contact Iowa House Speaker Pat Grassley and Senate Majority Leader Jack Whitver.

For more information contact:

Amy McCoy, Public Affairs Manager
DART, Des Moines Area Regional Transit Authority
620 Cherry Street, Des Moines, IA 50309
Direct: 515-246-2520 | Cell: 515-350-3241 | ridedart.com